



THE INDEPENDENT

Nº 3,350 WEDNESDAY 16 JULY 1997 WEATHER: Cloudy with drizzle (R 45P) 40p

IN THE TABLOID

MOTHER SIMEON, WIZARD OF THE DRIBBLE

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City+ WITH 38 PAGES OF OFFICE, LEGAL AND BANKING APPOINTMENTS

Murder of the King of Glitz

Phil Davison
Miami
and Tamsin Blanchard
Fashion Editor

Italian fashion designer Gianni Versace, the "king of glitz" whose flamboyant styles are worn by the world's wealthiest and most glamorous stars, was shot dead on the steps of his oceanfront Miami Beach mansion yesterday morning by a young gunman firing at point-blank range.

Despite its reputation for violence, Miami went into a state of shock on hearing that Versace, 50, had been gunned down amid passing roller-bladers and sun-worshippers in the city's renowned Ocean Drive art deco district.

Witnesses described the gunman as a white man, in his mid-20s, dressed in a white shirt and grey shorts and having a backpack, who walked away after shooting the designer twice in the back of the head.

Raising the theory that the world-renowned couturier could have been a victim of organised crime or that the shooting was drug-related, Miami Police Chief Richard Barreto said: "I believe that he was targeted... This was not a random act of violence."

News of Versace's death shocked the fashion world, as the story spread from Miami to New York to Milan, Paris and London. Nobody could quite believe that the man who only last Sunday unveiled his autumn-winter couture collection would no longer be doing fittings for his jet-set clients, would not be dressing Madonna or Elton John ever again.

That collection, held before the world's press and buyers as well as Hollywood celebrities Demi Moore, Gabriel Byrne, and Leonardo DiCaprio, was the end of an era that began with his first ready-to-wear collection in Milan in 1978. He was the king of rock 'n' roll, the one designer who could outglitz them all - and give anyone wearing one of his dresses star appeal, no matter who they were.

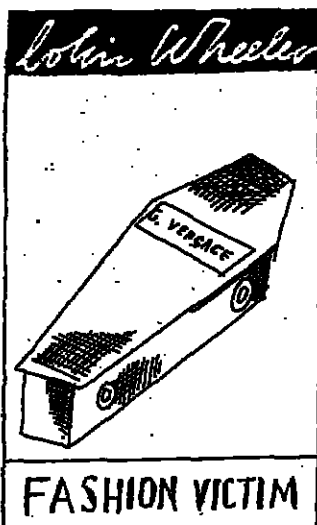
"Giorgio did it," joked fashion insiders, referring to the long-running rivalry between Versace and Armani. Armani meanwhile, issued a statement that the news had left him in shock: "Gianni was young and talented, and he worked so hard. He had overcome a very serious disease with strength and dignity, embracing life with energy and a tremendous desire to accomplish things. Gianni Versace, together with a handful of



Killing ground: Police scene-of-crime tape sealing off the area outside the Versace mansion in Miami Beach. Photograph: AFP

names, symbolises Italian fashion all over the world. My reaction is one of revolt against such an unnatural and violent death, and one of profound grief."

Six years ago, Versace bought a rundown Mediterranean-style hotel, squeezed between the pastel-coloured art deco hotels on Ocean Drive, and renovated it using Spanish and Italian techniques. Its 75-foot frontage faces on to 11th Street, a block from the popular Cleveland bar, and its observatory tower faces the grassy park, palm trees, jogging path and beach where the designer loved to walk.



Versace's life

1946 Born the son of a tailor in Reggio Calabria, southern Italy.
1972 Went into business with his brother and sister.
1978 Launched his label.
1982 Named best fashion designer for his 1982/83 autumn/winter collection. The first of many awards.
1984 Launched his fragrance Versace l'Homme.
1990 Opened his second boutique in New York and his 11th in the United States.
1991 Launched fragrance Versus.
1992 Opened a five-storey store in Bond Street, London.
1994 Elizabeth Hurley is launched on the road to fame when she appears in that dress.
1997 Announced plans to float his company.

his home at 1116 Ocean Drive, past the renowned Mango's Tropical Cuban café and the Cleveland, and was opening the black wrought-iron gates of his home shortly before 9am when the gunman shot him twice in the back of the head.

The designer was said to be dead by the time he was taken to Jackson Memorial Hospital. From behind a cordon, reporters could see his blood staining the half-dozen steps and a stretch of the Ocean Drive pavement.

The gunman apparently fled north and may have changed his clothes in a car park on 13th Street, two blocks from the house.

Friends said Versace lived in the house most of the year, when not attending fashion shows, along with two male friends called Antonio and Paul, and, occasionally, his sister Donatella. Several members of Miami Beach's gay community were among the crowds that gathered behind a police cordon yesterday. One was briefly detained after trying to break through the cordon to see flowers close to the spot of his death.

"He was a gentle man. I'm only trying to express my feelings for him," the young man said later.

One report said Versace had had an appointment with a personal fitness trainer at his home yesterday morning.

Friends at Miami Beach's glossy fashion magazine *Ocean Drive* described yesterday how Versace's arrival six years ago had boosted not only the fashion industry but Miami Beach's entire image. He was part of a movement to the resort by stars including Madonna and Sylvester Stallone.

"He was the most giving man. When we launched our first edition, he almost took over. He got us Claudia Schiffer, in a black Versace gown, for the first cover," said *Ocean Drive* editor Jason Binn.

Alex Papelas, mayor of Metro-Dade County (the greater Miami area), said: "Versace embodied the energy and vibrance of South Beach. To a large extent, it was Versace's presence here that brought this community fame and fortune, that placed us on the cutting edge of fashion and entertainment circles throughout the world. For all of that, we are eternally grateful."

Dark world behind the glamour; page 3
Obituary, page 11
Fashion, page 12



Death of an icon: Gianni Versace, gunned down in Miami yesterday. Photograph: Toni Thorntorn/Sygnia

School inspectors to single out incompetent teachers by name

Judith Judd
Education Editor

Inspectors will supply heads with individual profiles of each teacher under a controversial new grading system which will give schools more ammunition against bad teachers.

From September heads will receive confidential reports dividing each teacher's lessons into three groups: very good, satisfactory or unsatisfactory.

They will then use the information along with their own evidence about individual teachers to decide what action to take.

At present only the best and worst teachers are reported to headteachers but Chris Woodhead, the Chief Inspector of Schools, believes the arrange-

ments make inspectors reluctant to identify poor teachers.

Despite Mr Woodhead's estimate that there are 15,000 bad teachers, inspectors found only 88 poor or very poor ones in 2,000 inspections last year. The findings were based on a seven-point grading system for lessons.

The Office for Standards in Education (Ofsted), which Mr Woodhead heads, says the new proposals will not necessarily mean that more teachers are dismissed but heads will have a clearer picture of teachers' strengths and weaknesses. Unsatisfactory as well as poor and very poor teachers will now appear in the bottom group.

Heads will also have more discretion in deciding who are the worst teachers. Inspectors

currently report teachers to the head if the majority of lessons seen are poor. However, a spokesman for Ofsted said: "We are not saying that these teachers should go. We are simply giving the heads the inspectors' observations to use as additional management information."

One bad lesson would not be grounds for action, he said, but it would be seen as part of evidence about a teacher's performance collected by the head. Both headteachers and teachers had asked for more detailed information about individual teachers' performance, he added. Teachers would see their own profiles.

Mr Woodhead told BBC Radio 4's *Today* programme: "If teachers are not doing the job

they are paid to do, they should not be in post," he said. Equally, more teachers doing a brilliant job would get recognition.

The seven-point grading system for lessons would stay.

Nigel de Gruchy, General Secretary of the National Association of Schoolmasters Union of Women Teachers, said headteachers were to blame for failing to discipline incompetent teachers. "Because heads have been unable or unwilling to act on the information they have, it is most unfair to make teachers pay the price by imposing a very crude and quite unprofessional system on them."

Heads said that they had no objections in principle to the plans but were concerned that

the new system might be used to manipulate statistics on poor teachers to justify Mr Woodhead's assertion that there were 15,000 incompetent teachers.

David Hart, General Secretary of the National Association of Head Teachers said: "To pretend that these Ofsted reports will lead to heads taking more disciplinary action is scaremongering. Heads already monitor the quality of teaching. Any head who failed to take action would be asking for trouble."

Stephen Byers, the school standards minister, said that the plans were "entirely in line with the education White Paper published last week. It is all about being accountable and measuring effectively standards in schools."

Japanese lose their yen for Tetsu no Onna

Richard Lloyd Parry
Tokyo



Baroness Thatcher: Was paid £59,000 for an interview

Long after her fall from grace at home, Baroness Thatcher - or *Tetsu no Onna* ("Woman of Iron") - remained a figure of great popularity and fascination in Japan. While British comedians were satirising her as a crazed harridan, the ex-prime minister was making frequent and lucrative speaking tours of Japan to adoring coverage from the local media.

One magazine was reported to have paid her £59,000 in 1991 for an interview; a fortnight ago, Japanese newspapers carried advertisements for high-powered seminars bearing the Thatcher countenance. But the

tide seems to be finally turning. This month, a city in northern Japan is being sued by a group of irate citizens, after paying £79,000 for a few hours of the ex-prime minister's time.

On 27 May last year Lady Thatcher visited the city of Sendai, 300km north of Tokyo. Arriving in the late morning she attended a meeting with the mayor, a lunchtime reception, and gave a post-prandial speech, followed by a question and answer session. In the afternoon, she visited a display of Burberry raincoats at a department store before being waved off on the bullet train back to Tokyo in late afternoon.

The bill for the entire "Earth Citizen Forum", as the event

was called, was 17.2 million yen (£90,000), of which ¥15m was for Lady Thatcher's appearance, paid via the Denisu advertising and public relations agency.

At the beginning of this month, a local volunteer organisation, Sendai Citizens Ombudsman, filed a legal action against the mayor and two of his officials, demanding that they pay back most of the money and sack four members of the city's audit committee. "This is too expensive, and we asked the audit committee for a breakdown," said Tsunetsuke Kariyama, the group's secretary-general. "The answer was that there is no problem with the payments. We haven't heard

anything from the mayor." Both Denisu and the city refuse to disclose how the huge sum was broken down, so the group has written to Lady Thatcher to ask how much she received.

A spokesman for the Sendai city office said that the ¥15m included fees for an interpreter and the PR agency. "We think that our citizens appreciated the event, and her speech was worth what we paid," she said. But a Japanese businessman who has hosted speaker meetings on Lady Thatcher's behalf called it "an absurd amount of money".

A member of Lady Thatcher's staff said yesterday that her press spokesman is on holiday, and that no one else was available for comment.

QUICKLY

Road schemes backed

The Government is set to anger environmentalists by approving the majority of road schemes in the first stage of its review of the £6bn highway-building programme. Page 4

Pensions attack

The pensions industry was slammed yesterday in a hard-hitting report from the Office of Fair Trading, only weeks after companies were carpeted by Treasury minister Helen Liddell. The OFT's director general, said millions of people had been sold short. Page 16

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news

significant shorts

Whitehall calls halt to NHS fundholder 'fast-track'

The Government today will announce the end of "fast-track" service for patients of GP fundholders with the abolition of the internal market in the National Health Service.

The move by Health ministers will make it clear to health authorities and hospital trusts that they should plan to give family doctors equal access to operations for their patients. Some doctors who ran their own budgets were given priority by hospitals, but the competition between GPs is set to end.

Frank Dobson, Secretary of State for Health, will signal plans to replace fundholding with more co-operation between GPs, fulfilling a Labour election manifesto commitment. **Colin Brown**

Sculptor charged over body parts

A tutor at the Prince of Wales's Institute of Architecture has been accused of stealing human body parts for use in his sculpture exhibits, Scotland Yard revealed yesterday.

Anthony-Noel Kelly, 41, of Briston, south London, who is a cousin of the Duke of Norfolk, is charged with the theft of anatomical parts from bodies donated to the Royal College of Surgeons for medical research. The thefts are alleged to have taken place from June 1991 to November 1994. Mr Kelly and his co-accused, Neil Lindsay, a 24-year-old former mortuary assistant at the college, will appear before Horseferry Road magistrates' court in central London on 15 August. A Metropolitan Police investigation into the sculptor's activities was launched in April after concerns were raised by Dr Laurence Martin, Her Majesty's Inspector of Anatomy. A former butcher and abattoir worker, Mr Kelly is alleged to have used the body parts to create casts for anatomically correct silver-coated models.

Strip-search review for prisoners

The strip-searching of women prisoners is to be reviewed, a Home Office minister announced last night.

Joyce Quinn (left), the Prisons minister, said in a Parliamentary written answer that she had asked the Prison Service to review its policy and to look at whether there was a need for change. The issue of whether women prisoners should be treated differently from men should be considered, she told Lynne Jones, Labour MP for Birmingham Selly Oak. Current policy states that strip-searches should be carried out by officers of the same sex as the inmate, although last month a woman prisoner at Highpoint Prison in Suffolk was strip-searched by four male officers after she threatened to kill herself; an inquiry into the incident is under way. **Fran Abrams**

Assassination link to strangled man

Political assassins may have killed a Colombian asylum-seeker whose body was found, wrapped in a black bin-liner, dumped in a field in Hertfordshire. Detectives are examining the possibility that Herman Mora Aristizabal, 34, who was strangled, was murdered by hitmen. Mr Aristizabal left his home in north London on 5 July after receiving a telephone call, and his body was found at a farm near Shenley the following day. He is believed to have fled Colombia two years ago and to have claimed political asylum. Police are looking into reports that his brother was a victim of a political assassination in Colombia two years ago. Mr Aristizabal was married with two children, and was studying engineering in London. **Jason Bennett**

'News of the World' fined £50,000

The *News of the World* was fined £50,000 for contempt of court yesterday and accused of "trumpeting" its own role in helping to expose criminals at the expense of the criminal justice system.

In 1994 the newspaper ran a story under the headline "We Smash £100m Fake Cash Ring" that led to the trial being stayed of Tony Yetter Hassan and Anthony John Caldwell. Lord Justice Pill, sitting with Mr Justice Auld, said the article "beyond doubt constituted a contempt of court".

BA fails to take off after strike

British Airways services at Heathrow will not return to normal until next Monday following last week's strike - around five days later than planned. Around 40 per cent of short-haul flights and 25 per cent of long-haul services were cancelled yesterday. Some 2,000 staff reported sick last week before the three day stoppage and yesterday around 1,500 were still off work. **Bartle Clement**
Airline under fire, page 16

Normal life for Siamese twins

Siamese twins who returned home this week after being separated in an operation at Great Ormond Street hospital in London, should grow up into normal healthy adults, doctors said yesterday. The twins, who have not been named, were joined at the chest and abdomen and shared only one organ - the liver. **Jeremy Lawrence**

people



Ms Booth with her mother, Gale, and father, Tony after the ceremony in Liverpool

Return of the native as Liverpool welcomes Cherie

Cherie Booth returned to her home town of Liverpool yesterday to receive an honorary fellowship from John Moores University.

As she collected her award, Ms Booth said she was very proud to be honoured by an educational institution in the city where she grew up.

"It is a great honour to be recognised as a Liverpool resident. Even after 20 years in London, I remain one at heart," she said.

Ms Booth, 42, was joined by her parents as she posed for photographs on the steps of the city's Anglican Cathedral, before joining 500 university students graduating in law and social sciences. Her mother, Gale, said yesterday: "I am very proud of her. I think it is wonderful that she is here in Liverpool. That is where she was brought up."

John Moores University annually awards Honorary Fellowships to people from the Merseyside area "in recognition of outstanding achievements and contribution to public life". Also receiving awards this week are author David Almond, the broadcaster Peter Sissons, rugby league star Martin Offiah and the comedian Ken Dodd.

Ms Booth grew up in a terraced house in Ferndale Road, Waterloo, and attended nearby Sefton Convent School, before going on to obtain a First Class honours degree from the London School of Economics.

Now a Queen's Counsel, specialising in employment law, Ms Booth was clearly pleased to be among the new graduates, and told them: "It is a very special day for you because of all the hard work you have put in to be here."

Ms Booth, daughter of the comic actor Tony Booth, praised the spirit of the people of Liverpool. "As the daughter of one of the great comic actors, I have to tell you of the humour of the Liverpool people. They are all so kind, generous and open with everyone. Her father said: he hoped the success she had achieved in life would inspire other people from Merseyside, but he was not disappointed."

The university's chancellor said he could not imagine a better role model for students. He said: "It is a pleasure for us to have her back in the city."

"Not only is she a brilliant lawyer, but she is a mother and a daughter, and a woman of great right."

Ms Booth grew up in a terraced house in Ferndale Road, Waterloo, and attended nearby Sefton Convent School, before going on to obtain a First Class honours degree from the London School of Economics.

Briton poised for space trek after colleague falls ill

As troubles on the Mir space station go from bad to worse, there is now a real possibility that the British astronaut Michael Foale (right) will be asked to embark on a hazardous repair mission into a module damaged in last month's crash with a cargo ship.

Russian officials have asked NASA whether it will allow the 40-year-old astrophysicist to take the place on the mission of Mir's commander, Yelisey Tsibilyev, who has been complaining of heart problems, tiredness, and overwork.

The switch would mean a significant change of plan; during the operation, Dr Foale was to have manned a Soyuz escape capsule, which will be ready to launch an emergency getaway. However, NASA said that he was fully trained to stand in for the Russian cosmonaut. "If it's necessary, we can do this," said a spokesman.

The sortie, which was yesterday postponed for up to 10 days because of the Russian's ailment, requires two of the crew to enter the dark, airless, freezing and



cramped Spektr module, which was punctured during the collision, the worst accident in Mir's 11-year history.

The crew has been preparing for the space trek by studying mock-ups at mission control, but their task is further complicated by uncertainty over what may be floating around inside Spektr, whose contents include laboratory equipment. There has been concern that chemicals may have escaped from their containers and may damage the cosmonauts' equipment.

Phil Reeves, Moscow

Old timers are past it, says professor of pop

The Spice Girls were given academic respectability yesterday while popular music's old guard were given a withering brush-off.

Ten albums from the last year have been shortlisted for the Mercury Music Prize, which claims to be the Booker of the music industry and includes all genres from classical, through jazz and dance music to pop. But new albums from Paul McCartney, David Bowie, Blur and U2 were not considered strong enough.

Chairman of the judges is Simon Frith, Professor of English at Strathclyde University. He defended the inclusion of the Spice Girls alongside rock bands like Radiohead and Prodigy, and classical artists Mark-Anthony Turnage and John Tavener.

He said: "McCartney never came through strongly enough. Bowie was discussed for a very long time. He is an interesting artist. But he was trying to use a format he didn't use as skillfully as the Chemical Brothers, whom we have shortlisted." **David Lister**

briefing

EMPLOYMENT

Men's prospects can be harmed by job programmes

Joining the wrong government jobs programme can actually harm men's employment prospects, according to new research from the Policy Studies Institute. It reports that Work Trials, which placed 20,000 people in 1994/95, increased the chance of a job by 35-40 per cent for both men and women.

However, Job Clubs increased women's chances of employment by 15 per cent, but boosted prospects for unqualified men far less, and actually reduced the prospects of a job for men with vocational qualifications. The scheme, with 250,000 places in 1994/95, also reduced the earnings of the typical male participant by 7 per cent compared with what he would have earned if he had not taken part.

Similarly, the 500,000 places on the Job Interview Guarantee Scheme improved women's chances and worsened prospects for men with qualifications.

Steve Lissenburgh, co-author of the report, said the positive effect of the small Work Trials scheme showed the importance of high quality placement schemes. Skilled male workers are harder to help once they have slipped into long-term unemployment.

The Impact of Public Job Placing Programmes, Policy Studies Institute, from Grantham Distribution, 01474 541080. **Diane Coyle**

SOCIETY

Exotic pets expose owners to danger

Gone are the days when a pet in the average British home were limited to dogs, cats, and budgies, with the more adventurous perhaps seeking out terrapins. Now shops across the country are stocking a whole range of exotics from scorpions to crocodiles.

But owning unusual pets can lead to unusual problems. And the RSPCA yesterday launched a campaign to make potential owners aware of what they are taking on.

A survey has shown that some pet shops are failing to provide customers with information about the risks involved.

In one case a Birmingham woman discovered that the "relatively harmless" scorpion she had bought was, in fact, highly poisonous. The young mother had also been told wrongly by the pet shop she did not need a Dangerous Wild Animals licence to keep it. **Kim Sengupta**



FINANCE

Careers services not up to scratch

Contracting out careers services has cost £6m over three years, yet the service is falling well below performance targets. The National Audit Office said yesterday.

It found that introducing market forces to the service, which was previously run by local authorities, had represented "a significant and costly administrative burden".

Despite the cost, the process had failed to stimulate the creation of new private-sector providers to bid for the contracts. Instead, the vast majority of careers services were still being run by local authorities, though usually in partnership with training and enterprise councils.

The NAO also found that, though contracting out had provided competition, it had also had a damaging effect on co-operation and sharing of good practice between careers services.

The report recommends replacing the present approach with a system of licenses for careers services when current contracts expire. The DREE should look again at target-setting, to establish a more flexible system while being ready to enforce sanctions, the study concludes. **Lucy Ward**

TRAVEL

Beans means Benidorm ... or Brum

Britons may like travelling abroad - but they prefer to eat as if they were at home, especially at breakfast time, according to a survey published yesterday.

Faced with continental croissants and coffee, Britons abroad make sure they have all the ingredients for a good old traditional fry-up, including sausages, bacon and brown sauce.

A survey of more than 1,000 adults for credit card company Visa showed that Britons are stick-in-the-muds when it comes to foreign food. Two-thirds of tourists take some food abroad, although the Scots are the most restrained, with 43 per cent arriving at their destinations empty-handed.

Top of the edible exports British holidaymakers take with them are tea-bags. Almost 40 per cent of Geordies take sausages, while a third of Brummies take a tin of baked beans.

Although tea bags are universal favourites, regional variations show that just 1 per cent of Scots pack a jar of Marmite, compared to 25 per cent of travellers from the West Country.

Other home-grown favourites taken abroad include cornflakes (packed by 27 per cent of people), brown sauce or tomato ketchup

THE INDEPENDENT ABROAD

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Belgium	£59.00	Italy	£45.00
Canada	£75.00	Malaysia	£43.00
Czech Rep	£41.00	Portugal	£43.00
Denmark	£41.00	Spain	£43.00
Finland	£41.00	Sweden	£43.00
France	£41.00	Switzerland	£43.00
Germany	£41.00	USA	£43.00
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DELL

The dark world behind Versace's life of glamour

Andrew Gumbel and Steve Boggan

The brutal death of Gianni Versace yesterday brought home a unpleasant, little acknowledged truth: that the fashion world, for all its glamour and pretty packaging, is a far murkier, and far more dangerous, milieu than at first appears.

The warning signs have been there for years. Look at the bitter, protracted feuding within the Gucci family, leading to the break-up of the family business and the murder of its last emperor, Maurizio, two years ago, apparently at the hands of his ex-wife. Or the tax bribery scandal, still grinding its way through the courts, in which a clutch of Italy's top designers have been forced to admit having paid off the finance police to escape over-zealous investigation.

Fashion has always been touted as Italian enterprise at its best, a mix of great visual flair and industrious attention to detail. Versace was in many ways the dream boy of the new generation of couturiers: always challenging old orthodoxies, always mixing styles, always generating controversy while keeping his core audience of

adoring fans happy.

But Versace also embodied the fashion world in a far more fundamental way. He was a showman, a magician forever dazzling his audiences with bright shiny surfaces and wowing the gossip columnists with his entourage of film stars, rock idols and princesses. What lay beneath the surface, however, was something he never cared to show and did his best, through the distraction of his visual fireworks, to discourage people from delving into.

He spun fantastical tales about his deprived childhood in Calabria, in the boot of the Italian peninsula. The region is known as the home of the 'Ndragheta, one of the most feared Mafia clans. Born in December 1946, his family appears to have had humble origins. Santo, his brother, was born two years earlier and Donatella, their sister, followed in 1956.

His father, Antonio, who died last year, was a coal merchant who later opened a shop selling electrical goods. His mother, Franca, was a dressmaker, although Gianni would often say she ran the greatest couture studio in southern Italy.

Gianni moved to Milan and in 1972 began designing prêt-à-porter collections for Arnaldo Girombelli, one of the most respected names in Italian fashion. After the success of these, he launched his own line in 1978, and opened his own shop in Milan. His influence grew from there until, by 1995, Versace had a turnover of \$900m.

Like many poor boys made good, there was more than a hint of melodrama in his accounts – harmless perhaps, but all part of the Versace bravado.

As he conquered first Milan and then the world, he liked to think of himself as an open, essentially simple man who had no secrets from anybody. He became the first major designer to talk openly about his homosexuality. He brother Santo and sister Donatella were also involved in the business.

Versace showed off his sumptuous homes in Milan, on Lake Como, in New York and, latterly, on Miami Beach, but refused to talk about the profitability of the business or the role of a holding company registered in the Netherlands. He talked for years of going public on the New York Stock Exchange, but the flotation was endlessly deferred.

The fashion world, and in particular the Italian media, have responded to Versace and the other designers with their own kind of *omertà*, or willing silence. They are treated like royalty and, in Italy, considered an asset to their country. It just wouldn't be polite to ask how Versace lived so ostentatiously.

No doubt a lot of questions will be asked in the wake of Versace's death. Versace's own dreams have been definitively

shattered: he told an Italian newspaper on the eve of his 50th birthday last December that he imagined himself dying by a tranquil lakeside, like the scion of a declining aristocratic family. His epitaph, he hoped, would say he was a man who took pleasure in breaking conventions and mixing genres, eras and social classes. It seems that, in reality, Versace dangerously overreached himself.

It was difficult yesterday to loosen the normally loquacious lips of the slick men and women who people the fashion world. But when they could be persuaded, they repeatedly shaped the word "Mafia".

These people are nothing if not dramatic but, this time, they believed there was good reason for their suspicion of Mob involvement. Quite simply, they had seen it all before.

In March 1995, one of Gianni Versace's most flamboyant contemporaries, Maurizio Gucci, met his death in a similar way as he left his 18th century palazzo in Milan. A lone gunman followed him for a short distance, fired two bullets into the back of his head, two into his face and then fled in a waiting green car.

The subsequent police inquiry uncovered a web of intrigue, of family feuds and debts of up to £40m. Rumours persisted of a contract killing by a creditor who got tired of waiting for his money.

The answer, when it comes, is based on informed suspicion. Its logic is irresistible but flawed.

"People generally feel that Gucci was killed because he hadn't paid protection money to the Mafia," said one industry insider. "The fashion houses, par-

ticularly the Italian ones, are very vulnerable. They have huge turnovers and the Mafia want some of it."

During the "clean hands" inquiries into bribery and tax evasion in the early 1990s, the fashion houses of Gianfranco Ferré, Giorgio Armani and Mariuccia Mandelli, better known as Krizia, all admitted paying bribes – under duress – to Italian tax inspectors. What, people asked, if Gucci had been paying bribes at one end to the inspectorate and protection money to the Mafia at the other? To whom could he complain?

The theory fell flat, however, when, earlier this year, five people were arrested for Gucci's murder – including his former wife, Patrizia Martinelli, who was allegedly angry at having to get by on £500,000 a year

Glossy façade: Gianni Versace seen with models Naomi Campbell and Carla Carbruni. But the showman who dazzled his adoring fans with his designs discouraged people from delving beneath the surface Photograph: Richard Young/Rex



maintenance.

So what of Versace? Already, similar rumours are circulating around the fashion houses of the world. Although his brother, Santo, and sister, Donatella, have reputations beyond reproach, enemies and friends were prepared to blacken Gianni's name as soon as his broken head hit the Miami Beach sidewalk.

"He was known as the laundrette of the fashion business," said one City analyst. "Not because of his clothes, but because people believed he personally laundered money for the Mafia... where did his fantastic wealth come from?"

"Those who were jealous of his success chose to believe it came from other, darker, quarters. But there has been no evidence whatsoever to support that theory."

The police inquiry will inevitably follow similar patterns to the Gucci investigation and there are those who believe they will find that Versace was not as wealthy as his image suggested.

Questions were asked over how he could afford to live in \$30m mansion in Miami while keeping a \$7m New York town house, dripping with Picassos and a Rauschenberg, and the palazzo on Lake Como.

Detectives will find that there were frictions between Gianni and Santo, whom insiders say he did not treat well, and Donatella, whom he was once thought to be grooming as his successor.

And the officers will hear rumours about Gianni's gay sex life: that there may have been jealous lovers; that he had been receiving treatment for AIDS.

"He was strangely uncomfortable about his sexuality," said one friend. "He always tried to appear macho but he had a naturally feminine side. He kept his private life very much to himself."

Whatever they find, the police will find nothing simple in the life of Gianni Versace. Whether, at the end of what is likely to be a tortuous investigation, they too will be using the word "Mafia" remains to be seen.



Stunned models at a fashion show in Rome yesterday after learning of Versace's death Photograph: AP

'Part of my life died with him'

Kate Watson-Smyth

Gianni Versace's flagship store in Bond Street, London, was closed yesterday as a mark of respect. Crowds gathered outside and flowers were placed in the doorway.

Some of the most influential names in fashion and showbusiness paid tribute to the designer. One of his closest friends, Elton John, said he was shattered by the news.

"I am devastated to have lost one of my closest friends, who I loved so much, and who I had been so looking forward to seeing him again on holiday very soon. We were so close that it is like a large part of my life has died with him. I'm in deep shock at the news and it hasn't really sunk in yet. The world has lost a wonderful creative genius and I have lost a very dear friend."

Jeff Banks, the former host of the BBC's *Clothes Show*, compared Versace's death to the murder of John Lennon in 1980. "I had known Gianni personally for 10 years, and it is

a shock comparable to hearing that John Lennon had died. Versace was at the height of his powers when he was shot down. He was a terrific designer who brought so many things about modern fashion to the fore."

Elizabeth Hurley, whose career took off after she wore a black Versace dress held together with safety pins to the premiere of *Four Weddings and a Funeral*, said the shooting was an appalling thing to have happened.

"Gianni was a very dear friend of mine and I am going to miss him terribly. He was always very kind and lovely to me and he will be hideously missed by everyone."

Diana, Princess of Wales, who chose to wear Versace the first time she appeared in a non-British designer's outfit, said she was "devastated" by his death.

Kate Moss, the model who had worked on several advertising campaigns with Versace, said: "I am just so stunned. I am at a complete loss for words. And Claudia Schiffer, who also modelled for him, said: "Words cannot

describe how much I will miss him. He was not only a gifted and talented designer who was extraordinary to work with but was also such a wonderful and caring man."

The designer, Bruce Oldfield, said Versace was a master. "Gianni always went for the grand entrance. He was uncompromisingly glitzy. He was glitz, glitz, glitz. But he was a modest man and a lot of fun. He made fun of himself and he will definitely be missed."

Alexandra Shulman, the editor of *Vogue* said Versace was one of the most important designers of the century. And the fashion designer, Mary Quant, said: "He was all about life. His designs were immediately recognisable as rich, glamorous and sexy. He dared to use a strong dash of vulgarity just beautifully. He was a man who everyone adored."

Vivienne Westwood, who is also known for her flamboyant style, said Versace's death was a great tragedy and a great shock. "He was obviously one of the most talented and famous designers of the last few years."

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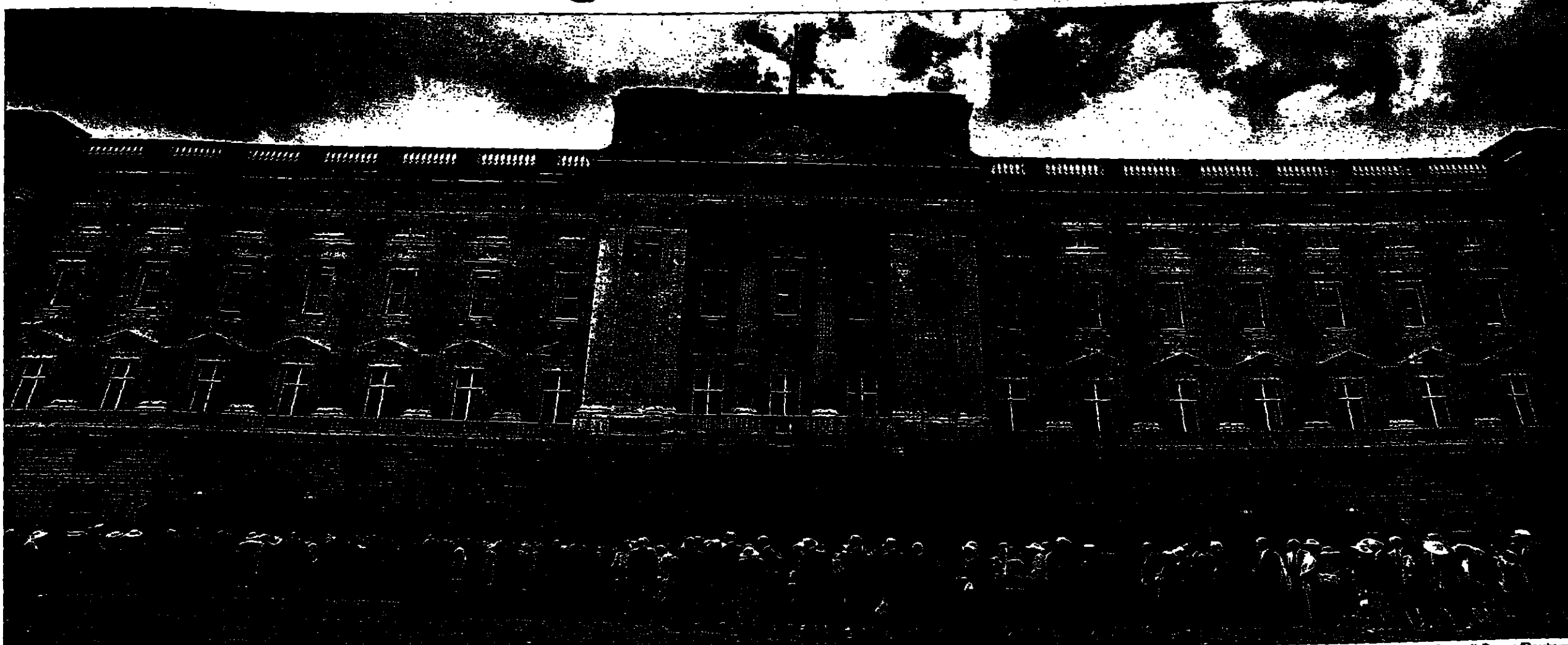
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news

Feeding of the 4,000: golden oldies take tea with The Queen



Fifty glorious years: Couples queue for The Queen's golden-wedding garden party. 'I don't think I could afford 4,000 guests on my pension,' said one guest

Photograph: Russell Boyce/Reuters

Michael Streeter and Lianne Kollin

Buckingham Palace had all the ingredients one would expect from a mass celebration of Golden Wedding anniversaries yesterday, best suits and hats, gawping tourists, a town crier - and 50 Red Cross staff on standby for those who succumbed to the summer heat.

The golden oldies, some from as far as Australia, proudly clutched their invitations as they queued for hundreds of yards around the Palace, the lines almost reaching Hyde Park corner.

The mood was quiet, predictably orderly, and humorous. One pensioner remarked: "You can tell we are all from the war-generation by the way we are queuing up!"

Inevitably some suffered from

the long wait and the lengthy walk with several fainting in the gentle sunshine and one person collapsing inside the Palace itself, with a suspected heart attack.

All, though, were anxious to meet The Queen and Prince Philip to share the one thing they all had in common - the year of their wedding.

Mr Leow, a part-time actor who appeared in James Bond films, such

as *Live and Let Die* and *Goldfinger* added: "When we got married in Guyana we had no idea we would even come to this country let alone get asked to Buckingham Palace."

Mrs Otilie Bishop, from Newcastle-under-Lyme, came alone after her husband fell ill two days ago. "I hope they will let me in on my own. I am really looking forward to it, after all she won't ask me again will she?"

As they filed inside the gates, the couples praised The Queen and Prince Philip for their years of long marriage. Though many among the 4,000 felt the Royal children had let the older generation down, all had the own pet theories about the success of a long marriage. Wheel-chair bound Marjory Bushell, 70, from Portsmouth, Southampton, who was with her

husband Harry, said: "You should never go to bed on a quarrel. It is an achievement to be married this long whether you're The Queen or a commoner."

Joe and Enna Turner, from Douglas, on the Isle of Man, said it came down to determination: "Our generation worked hard at marriage, that's how it was," said Mr Turner. "It must be harder for The Queen and

The Duke being in the public eye." Another couple standing nearby added: "The secret is a good row, good making up and getting on with it." Some reflected on the contrast between the lavish Palace reception and their more modest celebrations. Mrs Leow said: "We had a little celebration in Croydon with our children - I don't think I could afford 4,000 guests on my pension."

Green blow as road schemes get go-ahead

Randeep Ramesh Transport Correspondent

The Government is set to anger environmentalists by approving the majority of schemes in the first stage of its review of the *£6bn* road-building programme.

As many as eight projects out of 12 are likely to be given the green light by ministers next week. Gavin Strang, the Transport minister, will try to defuse campaigners' criticism by blaming the previous government. He will claim that ministers have been forced into "taking decisions based on the last administration's lack of a proper transport policy".

The most embarrassing decision will be to build the

£300m Birmingham Northern Relief Road, Britain's first toll motorway which will cut a swathe through the city's green belt. Frank Dobson, when he was shadow transport secretary, stated it would never be built.

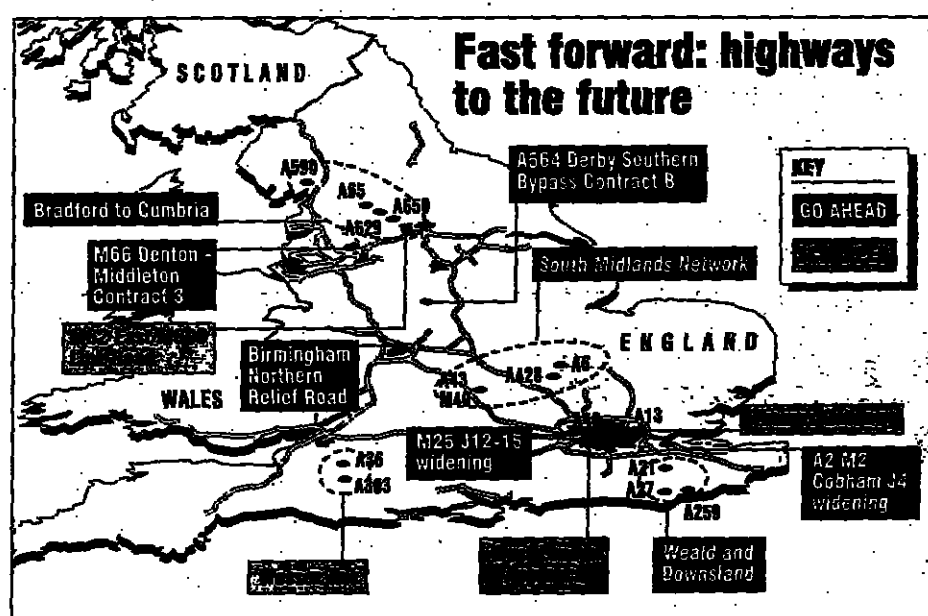
Local cars will have to pay £2 to use the new motorway - which its builders say will help hold down traffic levels in the heavily congested Midlands. However, Baroness Hayman, the roads minister, admitted to Labour MPs that the Government would have to pay £30m in compensation to Midland Expressway - the private sector consortium building the road - were it to be cancelled.

The M25 widening scheme

around south-west London - which was given the go-ahead by Tory transport ministers at a cost of £85m - will also be rubber stamped by Dr Strang. Designed to ease congestion on the motorway's busiest stretch by widening it between junctions 12 and 15 to up to six lanes, it was attacked by Labour's shadow transport team who said it would be "swamped with queues within 10 years".

Ministers will also proceed with a £163m widening of the M2 in Kent after officials pointed out that provision for the road was made in the Channel Tunnel Rail Link Bill - passed by John Major's government.

Two projects which will complete existing road schemes will



be waived through: the final section of Manchester's ring road - known as "The Box" - and a half-mile stretch to finish the Derby Southern bypass.

Most controversially, ministers are set to approve three "private" road projects, financed under the Department of Transport's private finance scheme, because the tendering process has gone too far to be cancelled. This is despite criticism of the scheme by ministers. A £100m development linking Bradford and Cumbria will

see roads encroach into the Yorkshire Dales National Park. Another project, the Weald and Downland upgrade, which has been attacked by environmentalists but backed by East Sussex County Council, will also win approval.

The £115m South Midlands Network, which consists of eight road improvement and construction projects, has found favour with DoT officials who claim no local group opposes it. There will be some sops to the green lobby. The Salisbury

bypass, one of the prime targets of environmentalists during the past decade, will be abandoned. The 11-mile bypass, which threatened water meadows on the edge of the city, was considered the "most sensitive" in the "accelerated review" of 12 priority road schemes. Other developments being shelved are the A40 west London approach, the A13 Thames Gateway and the M62 East link road. The final decision on all 12 schemes will be made by ministers this week.

Opted-out schools are lured back by councils

Lucy Ward Education Correspondent

Local government leaders are planning a diplomatic offensive to lure opted-out schools back under the wing of education authorities.

Labour-run councils are today receiving letters from the Local Government Association (LGA) urging them to begin ending grant-maintained schools, which are funded centrally and run their own affairs, to return to the fold.

News of the letter, seen by *The Independent*, has caused consternation among heads of opted-out schools, who yesterday condemned the step as "extraordinarily premature".

The campaign is being launched in advance of major changes to the state schools framework, set out in the education White Paper published last week and due to come into force in July 1998.

The Government is committed to abolishing grant-maintained status and introducing a new system under which schools will choose to adopt foundation, community or aided status.

Consultation papers on the detail of the three options are due to be published shortly, but opted-out schools are expected to incline towards foundation status, which offers the most freedom for self-government. Community schools will be closest to LEAs, while aided status will be the likely option for church schools.

In a letter to chairs of education committees, Graham Lane, LGA education chair, urges authorities to "open the diplomatic corridor" to grant-maintained schools to convince them to opt for community rather than foundation status.

Council officers should meet headteachers of opted-out schools with the aim of re-establishing contact and offering reassurance, he suggests. Ideas that could be explored include encouraging grant-maintained schools to buy back services from the LEA and co-ordinating admission arrangements.

By opening up old links, Mr Lane says, "GM schools will increasingly see themselves as becoming automatically community schools rather than foundation schools".

As foundation schools, the letter warns, formerly opted-out schools could become "GM schools in exile", whose powers could be increased by a future Conservative government.

However, GM schools could well prove wary of LEA overtures. Most have relished their greater autonomy since leaving LEA control and may be unwilling to relinquish freedoms.

The Government has stressed that it does not want to become embroiled in debates over structures in schools. Under the White Paper, LEAs are given an expanded role, but their mission is chiefly to raise standards while leaving schools maximum freedom to manage themselves.

System failed architect who killed mother

Jeremy Laurence Health Editor

A successful architect who suffered a breakdown and stabbed his mother to death before killing himself was a victim of grave failings in the emergency mental health care system, an independent inquiry has found.

In one of the most highly critical reports of the care of the dangerously mentally ill to appear in recent years, the inquiry says the efforts of 14 doctors,

nurses and social workers over one weekend in January 1996 failed to protect Gilbert Kopernik-Steckel, 33, and his family, of South Norwood, south London, from the effects of his acute psychotic illness. Although all the professionals recognised the danger he posed there was "an overwhelming failure in communications" which led to the deaths, it says. A consultant psychiatrist who visited the family at home described the mother,

Suzanne, 57 as "a sitting duck". A separate inquiry, also published yesterday, into the death of psychiatric patient David Howell of Birmingham identified similar failings in his care, although it says changes it recommends would not necessarily prevent a similar incident in the future because of the unpredictable nature of psychotic illness. Unlike Mr Kopernik-Steckel, Mr Howell had been a long term mental patient who had lived in a rest-

dental home since 1985 and who was stable and compliant but whose condition also deteriorated suddenly and without warning. On 20 November last year he was shot dead by police after taking a supermarket manager hostage by holding a knife to his throat.

Both inquiry reports add to the litany of disasters involving the care of the mentally ill which have repeatedly highlighted poor communication, inadequate co-operation and a

lack of mutual respect among the agencies involved.

Mr Kopernik-Steckel's case was unusual because he had no known history of mental illness. He was a middle class professional man pursuing a successful career in Paris and Berlin who had returned home to spend Christmas with his family when his illness struck. Over the last, fateful weekend, he twice admitted himself to the local mental hospital but twice discharged himself, despite

instructions from medical staff that he was to be detained which were not communicated to the nursing staff who let him go. It was the failure of the Croydon Mental Health Unit to keep him in hospital during the emergency that attracts the inquiry panel's strongest criticism. "We do not believe that the seriousness of this incident could have been predicted. We do, however, believe that the tragic outcome was not inevitable," the report says.

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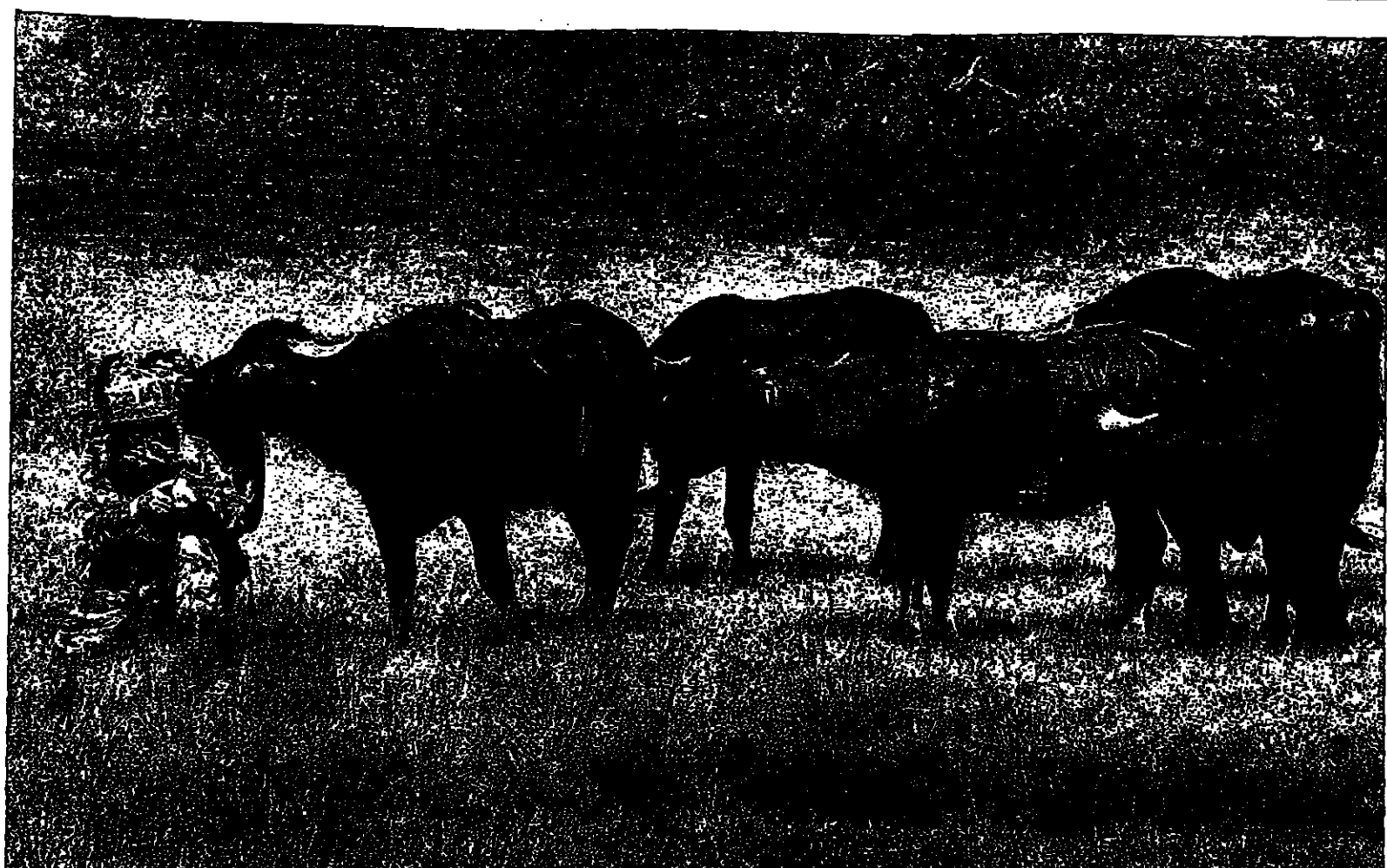
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At home on the range: A soldier in training at Sandhurst having his ear licked by a Romanian water buffalo as others from the herd look on. The beasts have been released on to land near the military academy at Camberley, Surrey, as part of a nature management plan. Photograph: Nicola Kurtz

Legal fat cats plead their case for the cream

Patricia Wynn Davies
Legal Affairs Editor

Barristers and legal aid campaigners reacted with anger yesterday after the Lord Chancellor succeeded in turning a House of Lords debate about a massive increase in court fees into an attack on "fat cat" QCs who earn a million a year.

Belaguered barristers had to concede that Lord Irvine, the Lord Chancellor, had pulled a highly effective political stroke.

Robert Owen QC said: "The Bar is committed to working with others to make justice affordable, accessible and cost-effective. Spiralling court fees have only one effect and that is to deny justice for people on low incomes. That is the issue that needs to be addressed and was not addressed in Monday's debate."

A Bar council spokesman said Lord Irvine's closing speech in the debate served only as a distraction from the court fees issue, pointing out, rightly, that millionaire QCs work predominantly for the private sector, and for big corporate clients where money is simply no object. Lord Irvine himself was one of those before taking office as Lord Chancellor, although it is thought he was a mere half-million man.

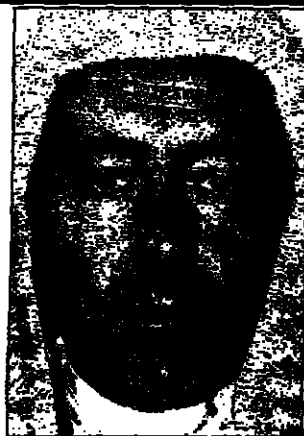
One million a year is the kind of money that borders on the estimation of some, on the obscene, Lord Irvine cleverly alluded to the fact that this handful of top lawyers – commercial, tax and libel specialists – earns four times as much as top surgeons.

But equally, fat-cat civil QCs earn about the same as some top accountants, captains of industry, or advertising, marketing and financial high-flyers.

Justice for the rich? Courtroom heavyweights who reap the rewards



Roy Amlot QC, 54, a heavyweight criminal silk who both prosecutes and defends. Lord Chancellor's Department says that in 1995-96 he received £450,000 to £499,000 from the criminal legal aid fund. Acted for defence in Barlow Clowes and Blue Arrow fraud cases.



Charles Gray QC, 55, has become the leading star of the libel bar. Likely to earn up to a million most years. Educated at Winchester and Oxford, he has homes in London and Dorset. Glittering list of famous clients includes Jason Donovan, Ian Botham and Jonathan Aitken.



Andrew Park QC, 58, also likely to earn a million in his mainly tax practice. He represented Octav Botnar, former head of Nissan UK and once one of the world's richest men, when the Inland Revenue issued a warrant for his arrest last year, but in general he tends to keep away from big-name clients.



Anthony Scrivener QC, 61, an all-rounder who does civil and criminal and a great deal of well-paid overseas work. He also does a certain amount of pro bono work. While a thorn in the flesh of the white male legal establishment, he earns a million most years. He was chairman of the Bar in 1991.

with the apparent approval of their clients and shareholders. Such a state of affairs enabled the Lord Chancellor to declare on Monday that "fat cat lawyers railing at the inquiry of court fees do not attract the sympathy of the public."

The fortunes of the £1m-a-year fat cats, however, has little to do with the crisis facing legal aid. But it is equally obvious that the hike in court fees – designed to recover an extra £50m a year, bringing the total annual fee income to £335m – must act as a deterrent to some would-be litigants. High Court fees have been raised from £120 to £500 in some cases, and

risks of between 50 and 150 per cent apply in other civil proceedings. People in the legal aid poverty trap, with sound but modest claims, are now likely to think twice before issuing proceedings with a view, for example, to persuading a recalcitrant defendant to settle a case.

Those claiming benefits such as Job Seekers' Allowance, Disability Working Allowance and Family Credit do not automatically qualify for fee remissions or reductions, like those on Income Support, and must apply for them, not always successfully.

But delay and uncertainty are the principal deterrents, alongside cost, to seeking justice. The

operation of the new court fee system involves all three ills.

Vicki Chapman, policy officer for the Legal Action Group (LAG), the legal aid campaigning organisation, said: "We are concerned about the impact of the increases on people on very low incomes. Lord Irvine has completely failed to answer that question. If you are seeking to suspend a warrant for possession, you haven't got time to seek a fee remission or reduction and wait for it to arrive. You have to find the fee and if you can't, your legal action does not proceed."

Roger Smith, the group's director, said the Lord Chancellor's

emphasis on Bar fat cats was designed to divert attention away from the court fees row.

The number of people being put off by high fees was unquantifiable, he said, "but research suggests that large numbers of people who could litigate don't. Court fees are a part of this."

Meanwhile, sums of £150,000 to £300,000 can routinely be made by leading QCs in big criminal and civil cases, particularly fraud and child care. Despite the existence of set pay scales in civil cases and the introduction of graduated fees in criminal cases, a large element of discretion over payment remains.

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Andrews denies vicious temper led to murder

Kim Sengupta

Tracie Andrews, accused of the roadside murder of her fiancé Lee Harvey was yesterday described in court as a "woman of considerable deceit".

Clutching a crumpled white tissue in her hand, Ms Andrews, 28, was accused by David Crigman QC, for the prosecution, of making up a "road-rage" attack to hide her killing of the man she professed to love.

Mr Harvey, 25, had been stabbed 30 times as the couple drove home along country lanes near their home in Alvechurch, Worcestershire, in December. Ms Andrews had claimed that he had been stabbed after being chased by another car.

But the jury at Birmingham Crown Court was told that despite publicity about the murder no witness had come forward to say they had seen a pursuit between two cars.

Mr Crigman accused Ms Andrews of repeatedly stabbing Mr Harvey in the back as he tried to escape from a frenzied attack following a "blazing row". He asked her how she could explain blood splashes found at the rear

of the couple's Ford Escort.

Ms Andrews denied that she and Mr Harvey had rowed about the father of her seven-year-old daughter, or that the row had exploded into violence.

Ms Andrews said: "I am not going to admit to anything I have not done." Mr Crigman said: "Lee Harvey retreated from his attacker at the rear of the car did he not?" Ms Andrews replied: "I don't know."

Asked if she was the attacker, she said: "No, I was not." Ms Andrews admitted no one had come forward to support the crucial part of her story but blamed the police for not asking potential witnesses about a Sierra car which was allegedly pursuing the couple.

"You are a woman of considerable deceit," said Mr Crigman. Ms Andrews responded: "No I am not, I am trying to help the best I can, but it was hard going back along that road and I don't want to go."

Ms Andrews denied that she had exploded in a vicious temper on the journey. "The relationship was not violent but stormy. He had been violent towards me." The case continues.

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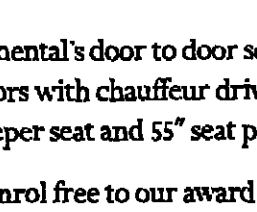
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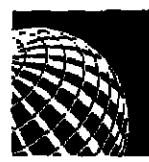
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6
politics

Haughey let banker deal with finances

Alan Murdoch
Dublin

Charles Haughey yesterday denied that while he was Taoiseach he knew his close friend and banker had raised £1.3m to pay off debts incurred by his regal lifestyle and that the money had been obtained from stores chief Ben Dunne.

Mr Haughey, 71, who was Taoiseach four times between 1979 and 1992, amassed trappings of wealth ranging from a 300-acre estate, a private island and holiday home to racehorses, works of art and a yacht.

Mr Haughey's appearance in the witness box was the climax of a tribunal set up in February to investigate payments to politicians by Mr Dunne, the former head of Dunnes Stores. The former Fianna Fail party leader said he had only learnt

of the payments from his banker, Des Traynor, in 1993, a year after he had resigned as premier. He added: "I want to say I did not have a lavish lifestyle. My work was my lifestyle."

He said Mr Traynor, who died in 1994, had taken over full control of all matters concerning his personal finances around 1960 and had "complete discretion" to act on his behalf "without reference back to me".

He added: "I never had to concern myself about my personal finances. With hindsight, it is clear that I should have involved myself to a greater degree."

Pressed on how he could not have known of the Dunnes funding, he said: "Des Traynor was a man of few words. He just dealt with what he had to do."

He insisted that Mr Traynor had seen it as "his personal responsibility to ensure that I would be free to devote my time and ability to public life and would not be distracted by financial considerations."

Mr Haughey said Mr Dunne "did not seek, nor was he granted, any favours. Mr Dunne did it without any expectation of reward." He claimed that in hindsight had he known of the approach made to Mr Dunne he would not have authorised it.

Asked if his earlier false statement accounts to the tribunal were "pretty economic", Mr Haughey replied: "I hate that phrase. It has been flogged to death."

When tribunal counsel Denis McCullough, citing his eventual admission on 30 June that he had "probably" received the £1.3m, asked if that meant "you then had your hands up?" Mr Haughey replied "Fully."

Mr McCullough quipped: "Not quite Mr Haughey. Perhaps at shoulder height." The former premier nodded, smiling.

Explaining his earlier lack of co-operation with the tribunal, he said: "I was concerned at the effect these payments would have for me in the public mind."

Mr Haughey paid ironic tribute to the "thorough and diligent" international investigation into his personal finances carried out by the tribunal team, including probing secret numbered bank accounts in foreign currencies held on his behalf, which had forced him to reverse his initial flat denial of receiving the £1.3m.

The tribunal's terms of reference precluded inquiries into possible payments to Mr Haughey from other business figures. It is restricted solely to payments made by Mr Dunne when head of Dunnes Stores.

Water firms pledge to offer free pipe repair

Nicholas Schoon

The Government claimed success for its water summit meeting yesterday, after all the water companies in England and Wales pledged to offer at least one free repair to any customer with a leaking supply pipe.

John Prescott, the Deputy Prime Minister, said the initiative could save over a billion litres of water each day, but only if all customers were able to detect and report every leak.

"By intervening with the summit we are now starting to achieve our aims and get that better deal [for customers]," said Mr Prescott, who ordered all the water companies to attend the event two months ago.

"When necessary, tough talking does work. I believe that the water companies are beginning to show vigour, imagination and enthusiasm in promoting water efficiency. They will need to keep on doing so."

However, what has been agreed differs from Labour's stance during the election campaign. It said it would insist on water companies repairing all household leaks, not just those in the supply pipe which connects them to the mains. That would have cost the companies very much more.

Recent heavy rainfall has also lowered the political temperature of government relations with the water industry. Yesterday, Thames, the biggest company, said it could now guarantee to get through the summer without any hosepipe or sprinkler bans.

At a press conference yesterday, Mr Prescott was pleased that many water companies now offered their customers devices to reduce the flush volumes of their lavatories, free of charge. He urged them all to do so.

But the most important work on boosting water conservation and cutting leakage still re-

mains to be done. The water regulator Ofwat is drawing up leakage targets for all companies. And the Government is still consulting on standards for water-using appliances and plumbing, changing the licensing regime for extracting water from aquifers and rivers, and on how to charge for water.

Many groups have argued that the wider use of water meters is needed to encourage conservation, something the Government has qualms about.

Meanwhile, a watchdog organisation representing water customers demanded companies be compelled to cut their prices after the 1999 price review by Ofwat.

Jim Gardner, chairman of Ofwat's National Consumer Council, said: "Customers want to see an immediate and substantial cut in average water bills and bills thereafter kept below the rate of inflation."

But he warned that the European Commission was pushing up the price of water by promoting laws which demand companies spend more to secure cleaner tapwater, rivers and beaches.

The legislation, still to be approved, would raise the average UK bill of £230 a year by about £21, he said. But there was no reason why water companies could not pass on to customers efficiency savings which could amount to a 10 per cent cut.

He added that a leakage level from mains as high as 15 per cent might be economically justifiable, because there comes a point at which the money would be better spent on other ways of conserving water or finding new supplies.

The Water Services Association, representing nine of the biggest companies, said: "Rising standards and lower prices do not sit comfortably together. Many people are constantly pressing for higher standards, they are not all in Brussels."



Photograph: Jason Bye

Loyalists welcome Blair assurances

Colin Brown
Chief Political Correspondent

Loyalists last night gave a "positive response" to Tony Blair at a meeting in Downing Street after he urged them to use their influence with Loyalist paramilitaries not to break their ceasefire in Northern Ireland.

The Prime Minister assured the leaders of the Progressive Unionist Party (PUP) and the Ulster Democratic Party (UDP), including Gary McMichael and David Ervine, that the Government would move ahead with the cross-party talks on Ulster without Sinn Féin if the IRA did not restore its ceasefire.

He defended the contacts between Mo Mowlam, the Northern Ireland Secretary, with Sinn Féin, in spite of protests by Ian Paisley's Democratic Unionist Party that it had amounted to a deceit.

Mr Blair told the Loyalists that Sinn Féin could not claim that the Government had not tried to get them into the talks. "He met with a positive response," said a Downing Street spokesman.

Outside Number 10, the Loyalists said it was "make your mind up time" for the IRA. Defending the renewal of contacts, cut off after the killing of two police officers by the IRA, the spokesman said: "If the phone rings, people pick it up. All [Northern Ireland Secretary] Mo [Mowlam] was doing was - and to her credit - being honest."

"If there are genuine points of clarification, then there is no reason why they should be answered. What we have made clear is the Prime Minister is not going to be strung along on this."

"But he is pretty determined nobody is going to be able to say the British Government is not trying on this front," the Downing Street spokesman said.

Ulster Unionist leaders yesterday met the Northern Ireland Secretary in Belfast to press for tougher conditions on the IRA ceasefire before Sinn Féin could be admitted to the talks. The Ulster Unionist Party, led by David Trimble, objected to the promise by Mr Blair that Sinn Féin could be admitted within six weeks of an IRA ceasefire.

'Cowboy' security firms face round-up

Jason Bennett
Crime Correspondent

"Cowboy" security firms and unscrupulous wheel clamping outfits could be outlawed under proposals being considered by the Government.

Measures under examination include a statutory licensing system for security guards, with penalties for firms that take on staff with criminal records.

However, any changes will not be introduced for at least another 18 months, despite Labour's pre-election pledges to introduce new laws immediately.

The decision to start a consultation process follows widespread concern about the standards and control of security firms, which now employ more guards than there are uniformed police officers.

Jack Straw, the Home Secretary, told the British Security Industry Association in London yesterday that the review would be extended to cover private wheelclampers.

"It is an extraordinary irony that an industry which attempts to regulate the behaviour of others is subject to no regulation itself," he said.

"The result is that ... cheats and villains are able to operate. These rogues undermine the fine reputation of the established companies who enforce effective standards and self-regulation."

He added that statutory regulation was "the best way to ensure proper standards, to protect the public and weed out the cowboys and the cheats who besmirch the industry's good name."

In 1995 the Commons Home Affairs Select Committee heard evidence from the police that up to 2,600 crimes a year were committed by guards. In one company 11 of the 26 staff had criminal convictions, ranging from rape to assault. In another case cited by the police, a security firm's managing director recommended an employee for a shotgun licence even though he knew the employee had been convicted of killing his wife.

Securitor, the security company, yesterday welcomed the announcement and called for an automatic bar on any individual with a record of dishonesty or criminality.

Brown pounces to get young working

Anthony Bevins
Political Editor

The Government would only have one chance to help the young unemployed off welfare and into work, Gordon Brown, the Chancellor of the Exchequer, said last night.

He told a London dinner organised by Business in the Community and the business-based Percent Club: "We will only have one chance."

"Indeed, if we fail the first time, disillusionment and cynicism will prevent us being able to mount this again."

Because of that imperative, the Chancellor said, the Government was prepared to consider radical solutions.

Speaking to an audience that included the Prince of Wales, who is president of Business in the Community, and founder of the pace-setting Prince's Trust Volunteers, the Chancellor said that the Government wanted to build on existing success, not start afresh.

That meant breaking down barriers between public and private provision, using private employment agencies where relevant, and allowing grassroots organisations and officials to "rewrite the rules", if that would get results.

"We make what works our guiding light," Mr Brown said. "But we remember all the time, our goal is not just to take people off the streets for six months but to make the unemployed employable."

The alternative was the threat of "exclusion for an entire section of a generation of young people" from the 400,000 youngsters out of work.

In a direct appeal for their co-operation and support in the Welfare to Work programme, the Chancellor told his business audience: "In some of our poorest communities, one-third of all young people are doing nothing, and in some of these, there is second generation unemployment: the culture of work destroyed."

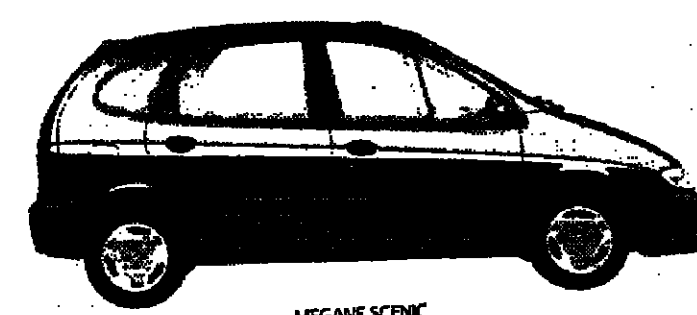
Mr Brown also warned that was not only a social and financial waste, but a waste of potential that required business and the community to work together to provide a solution. The business dinner was the Chancellor's first official engagement with Prince Charles, who hosted the event.

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Britain in plea over Caroline's murderer

Michael Streeter and Liam Kofin

The British Government is to ask French ministers to intervene in the case of 13-year-old Caroline Dickinson, who was murdered on a school trip to Brittany a year ago.



Caroline: Killer still at large

After a 90-minute meeting with the schoolgirl's parents John and Sue Dickinson, Lady Symons, the Foreign Office minister, pledged her support for the family's efforts to step up the investigation into the murder at a youth hostel in the village of Pleine Fougères. She said: "We will urge the French authorities to look at the way in which the murder is being investigated and to give us some clear indication of how they propose to take the matter further."

At a later press conference Mr Dickinson welcomed Lady Symons's support and called for the replacement of the French examining magistrate Gerard Zaig "if necessary" to speed up the inquiry. Repeating a call for parents and children to avoid the Brittany area, where Caroline, from Launceston, Cornwall, was raped and killed a year ago this week, Mr Dickinson warned the killer could strike again.

Making clear his frustration at the lack of progress in the murder case he said: "I feel that the mentality of this individual means that he may well strike again. My only fear is that this is the only way in which he is going to be caught."

In a prepared statement from him and his estranged wife Mr Dickinson spoke movingly of the loss of their "quiet, gentle teenager" who would always be remembered with love and pride.

He said the investigation had been hampered by undue secrecy and known blunders. "A cloud of controversy, now fuelled by a lack of confidence in the competence of the investigating magistrate has highlighted the major differences between the British and French legal and policing systems."

He also referred to other unsolved murders of Britons in France, highlighting the case of Joanne Parrish, who was killed seven years ago.



One year on: John and Sue Dickinson with their local MP, Paul Tyler, centre, at yesterday's press conference

Photograph: Kelpesh Lathiga

Sheppard departs with job demand

Kathy Marks

The Bishop of Liverpool, scourge of successive Conservative administrations, called on the Labour government to demonstrate the political will to create policies leading to full employment.

The Right Rev David Sheppard, addressing the Church of England's General Synod for the last time before he retires in September, also warned that an emphasis on improving education was meaningless unless job opportunities were created for school leavers.

The Synod at York was debating an ecumenical report, *Unemployment and the Future of Work*, which was published during the election campaign in April. The report, which attacked complacency about the "evil" of unemployment, was widely interpreted as a rallying cry of support for the Labour Party by church leaders.

Dr Sheppard, who chaired the working party behind the report, said: "It has persuaded me that there can be enough good work for everyone. But there is a proviso, and that's that there is the political will. That's the rub, for of course there will be a cost. But we already know that there is a cost, in human despair, in the waste of God-given gifts, and in the price of benefits and ill-health and crime."

Elaine Appelbee, vice-chairman of the Synod's Board of Social Responsibility, said there were as yet no signs that the Government was inclined to implement the report's recommendations.

The Archbishop of Canterbury, Dr George Carey, in his closing address, paid tribute to Dr Sheppard, the Church of England's most prominent and outspoken liberal. He said that the bishop, a former England cricketer who has served Liverpool for 22 years, was "one of the great prophets of the Church", and, "the scourge of all those who hold the comforting belief that excessive privilege and affluence are somehow an inevitable and essential part of the natural order."

Delegates approved the unemployment report almost unanimously.

Hard fax about our epidemic of shyness

Glenda Cooper

Social Affairs Correspondent

The electronic revolution, dominated by faxes and e-mails, has helped turn the problem of shyness into an epidemic, the world's first conference on the subject was told yesterday.

The number of sufferers has risen by a fifth in the last two decades and latest research puts the number of shy people

at 60 per cent of the population, compared with 40 per cent when studies began in 1972.

New technology and an impersonal business world, coupled with decline in social networks, have meant a loss of social skills, said Professor Philip Zimbardo, the keynote speaker at the conference in Cardiff and founder of the Shyness Institute in California.

One study revealed that parents spend only six to eight minutes a day talking to their children. Shyness had been brushed off as an unimportant quality that children grow out of, but Professor Zimbardo warned that it was "potentially lethal", with criminals such as America's Unabomber - who waged a letter-bomb campaign against American universities - being described as "almost pathologically shy".

Levels of shyness varied worldwide. Data from Israel suggested that only 30 per cent of people described themselves as shy, compared with double that in Japan. This, said Professor Zimbardo, was due to how success and failure is perceived. Whereas Jewish parents praised their children's success and brushed off failure, Japanese children were made to feel responsible for lack of success.

The fear of failure, of being found out, pervaded all areas of shy people's lives. "Shy people also have sex later in life, have less diverse sex and do not describe it as a pleasurable thing," said Professor Zimbardo. San Francisco streetwalkers

described their typical client as a shy, married man. Professor Zimbardo said life was becoming more difficult for those who had trouble communicating. "The electronic revolution of e-mails and faxes means the medium has finally become the message. With more virtual reality overtaking real reality, ordinary skills and situations are becoming more awkward," he told delegates.



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international

Europe gives the green light to Baltic

Imre Karacs
Tallinn

There was a time not so long ago when Tallinn lay a world away from what was described for convenience's sake as "Europe".

Even if its shops were better stocked than Moscow's, and Communist officials mouthed a slightly milder ideology, the Estonian capital was still on the dark side: a Soviet port with metal bars peering surreptitiously towards the West.

Six years after the cataclysm, fast catamaran ferry Estonians to Helsinki in an hour and a half. Tallinn's shops are packed and the democratic experience has been enriched by the peaceful collapse of six successive governments.

The boundary between two worlds has shifted east. Along Russia's Baltic frontier, an iron curtain is descending — three rows of barbed wire made in Moscow.

At least the tanks are gone, but insecurity lingers. Earlier this month, the three Baltic Republics were turned down for membership of Nato, and now they are banging on the European Union's door. For Lithuania and Latvia that might still be a long wait, but the Estonians have finally been heard.

The European Commission agreed yesterday that Estonia



should join Poland, the Czech Republic, Hungary, Slovenia and Cyprus in entry talks for the European Union's first expansion into Eastern Europe. The Commission's Agenda 2000 document, adopted at a meeting of the EU executive yesterday, will be formally presented to the European Parliament in Strasbourg today.

Europe, it appears, is ready to embrace a tiny fragment of the former USSR as its own.

"Being admitted to the EU is Estonia's most important foreign objective," says Toomas Hendrik Iivasa, the foreign minister. "We are trying to return to the development path that we were on before we were torn out of Europe."

Estonia, he points out, was level pegging economically with Finland in 1940, when the USSR invaded. What it became during the 50 years of Communist rule is evident today; crumbling hous-

ing estates, dilapidated factories and potholed roads.

Some of those scars are visible to this day, but more noticeable now as a contrast. For since Estonia regained its independence six years ago, the country has experienced, in the words of its government, an "economic miracle".

Back in 1992, when Estonia introduced its own currency, the kroon, inflation was running at 1,000 per cent. Now it's around 14 per cent. Unemployment is just above 4 per cent and annual growth is nearer 5 per cent and rising.

For a visitor arriving in Tallinn after several years absence, the prosperity is astounding. There are fewer Ladas in the streets than in eastern Berlin. Elegantly-dressed men and women dash about in their shiny western cars, gripping the wheel in one hand and their mobile phones in the other. The Old Town has risen anew, its pastel houses and palaces restored to their pre-war splendour.

The telephone system is among the most modern in the world — a higher proportion of Estonians are hooked up to the Internet than the French, and

large international computer manufacturers are queuing for factory space in Tallinn. Whatever Estonia may seem from Brussels, it is certainly no basket case.

The EU might, in fact, have a different kind of problem with Europe's free market guru. "The fact that we don't have any agricultural subsidies is something some people in Europe do not like," says Mr Iivasa.

In its "big bang" approach to the economy, the Estonian government abolished trade tariffs and state support. To the EU's farming lobby, that is a

dangerous precedent. Nor is Tallinn's recipe for privatisation likely to be universally acclaimed. The state has divested itself of almost all its property. Even parts of the Foreign Ministry building are subtle to the Danish and German embassies — a happy symbiosis with two close allies. The outcome of its self-off is that practically all the economy is now privately owned, much of it by foreigners.

Swedish and Finnish companies hold the biggest stakes, exploiting the low wages Estonia offers. It is no coincidence

that unemployment rates in both Sweden and Finland are soaring. Those two countries, nevertheless, are keen to reintegrate Estonia and cash in on the mercantile spirit that is set to transform the Baltic into one of the most dynamic regions of the world.

Where that leaves Russia is difficult to see. The winds blowing from Moscow are chilly. Estonian attempts to settle a border dispute, simmering since 1920, have been rebuffed, and Russia continues to make shrill noises about Tallinn's "human rights abuses" against the Rus-

sian minority. International observers have yet to verify any of the Russian allegations, but Estonia in any case is endeavouring to improve the lot of its former colonial masters.

The Russians of Estonia, about a third of the population, are rich beyond the imagination of their cousins across the fence and are not likely to cause trouble. According to a poll published last week, a higher proportion of them back Estonia's EU membership than Estonians themselves.

Britain and Europe. Leading article, page 13

Landing on its feet: Estonia's armed forces, seen here on joint exercise with Nato, may have to wait to join the alliance, but EU membership beckons

Photograph: Reuters

Cook acts to counter Russian crime threat

Rupert Cornwell
Moscow

Tried and trusted themes like Nato enlargement, regional issues and the Middle East were naturally high on the agenda. But the spotlight during Robin Cook's talks in Moscow yesterday was on a very different topic: urgent steps to keep the ever-growing Russian Mafia from establishing a major beachhead in Britain. The Foreign Secretary said "serious progress" on the crime issue.

Thus far, the combination of geographical separation from the Continent, tight border controls and the absence of a big immigrant community has allowed Britain to escape the fate of countries like Germany, Belgium and Austria, whose local underworlds have been largely taken over by Russian gangs — and a memorandum of understanding finalised this week is intended to help keep things that way.

"The Mafia," said one senior British police officer specialising in Russian organised crime, "basically looks at Britain as a pretty nice place, where you can buy nice houses and send your son to school, a kind of sanctuary which no one wants to foul up."

But the warning signs are clear. The Russian population in Britain, both legal and ille-

gal, is growing, as an overstretched British visa service struggles to keep up. Meanwhile, Russian vice rings, traditionally a vehicle for infiltrating and taking over local criminal organisations, have started to spring up in London

"The Mafia looks at Britain as a pretty nice place... a kind of sanctuary which no one wants to foul up"

and elsewhere. "These people are exceptionally violent and once they gain a foothold, they expand incredibly fast," the officer said.

This new non-military threat from Russia is a major reason why Tony Blair wants to make the fight against international crime the main topic at next year's G-8 summit in Birmingham.

The big dangers are drugs and money laundering, where the major Russian crime syn-

dicates have set their sights on the City of London, whose big banks are a perfect "stamp of approval" for tainted funds channelled out of Russia. Under the memorandum, Britain would gain access to Russian records and intelligence data.

Some 5,000 gangs are reckoned to be operating in Russia, dominating entire sectors of the economy. Most of them, however, are purely domestic, and British intelligence focuses primarily on a "few dozen" major figures who have real international links.

A current squeeze on traffic through the Balkans has helped turn Russia into the main transit route for drugs into Europe. Additionally, British police say, under-used former army laboratories in St Petersburg are now a prime source for the raw chemicals needed for the designer drugs fashionable in Western Europe.

Britain has already seconded a Customs and Excise officer to its Moscow embassy to liaise with the local authorities. But although official Russian figures claim the crime rate declined in 1996, this probably reflects the consolidation of organised crime and its spread into "legitimate" businesses, rather than any successful counter-offensive by police and security forces. These latter are corrupt and acutely short of resources.

Poti — Armed with nothing but a dog-eared notebook and a telephone, Igor Ignatiev stands in his watchtower and scans the flat base of the Black Sea. A fishing boat chugs out of port, so he jots down its details.

All perfectly normal behaviour for an official supervising a harbour, you might think — except for one detail: this is Georgian territory, and yet the badge on Mr Ignatiev's khaki fatigues reveals that he is a Russian border guard.

At the base of his watchtower, lies the port of Poti. With its rusting cargo ships and weed-choked promenades, it looks like any other former Soviet harbour, which age is withering. But this town of 51,000 is enjoying a growth in strategic importance that others cannot boast. It is becoming the gateway for a transport corridor linking Europe with the Caspian Sea, a pathway which Georgia hopes will eventually be a modern variant of the ancient Silk Road that linked China with the Mediterranean.

The catalyst for this process is neighbouring Azerbaijan. There, the international race to exploit the Caspian Sea's vast oil reserves is fast gathering pace in the capital city of Baku. Supplies demanded by this starburst of economic activity are

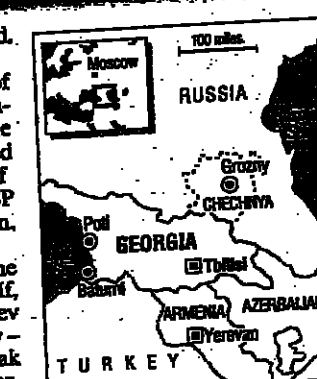
travelling by rail and road, through Georgia.

Every day, a steady flow of lorries from Poti and its neighbouring port of Batumi rumble eastwards across a pot-holed highway to feed the needs of the world's oil gladiators, BP is in Baku; so is Amoco, Exxon, Unocal, Total and more.

But at the entrance to the corridor stand the Russians. If from his tower, Mr Ignatiev spots a ship breaking the law — for instance, by trying to sneak out of Poti without paying harbour fees — Russian coastguards will be dispatched to intercept it. Six years after Georgia acquired independence, Moscow's forces are still in the republic. Russia has four military bases in Georgia, its troops stand on the border with Turkey, and Russian patrol vessels continue to throw their weight around in their Black Sea waters.

The art of diplomacy is not their strongest point. In recent months, the coastguards have shot dead a Turkish fisherman, and fired across the bows of a Greek vessel. Border guards also arrested the crew of an allegedly errant Ukrainian ship and flew them back to Moscow.

GEORGIA DAYS



The latter was "a scandal — the greatest violation of our sovereignty," complained Peter Mamradze, chief of staff to Georgia's president, Eduard Shevardnadze. Whilst the border guards are in Georgia on contract (filling in, while Tbilisi sets up a force of its own), there is "no legal basis for their coastguards to be in Poti, or defending the coast of Georgia".

For Georgians, all this strikes to the heart of a basic issue: is Russia trying to compromise their sovereignty? Several years ago, the geopolitical picture seemed fairly clear. Russia had supplied arms and aircraft to

Abkhazians fighting for independence from Tbilisi. Georgia was (and still is) convinced that Moscow's security services masterminded the 1995 assassination attempt against Mr Shevardnadze. Meddling in Georgia to keep it divided and dependent seemed to be the Kremlin strategy.

Now Georgians say that Moscow has become more moderate. The so-called "new pragmatists" in the Yeltsin administration talk about co-operation and sharing the spoils of the Caspian oil. Yet hardliners still lurk within Russia's foreign and defence ministries, who are itching to call the shots again.

A reminder of Russia's nastier impulses came in March, when one of Moscow's leading newspapers, *Nezavisimaya Gazeta*, published an anonymous article warning that the oil bonanza in the Caucasus meant that it was in danger of slipping from Russia's grasp. Only "destabilisation in Georgia and Azerbaijan is capable of preventing the consolidation of state power in these republics on an anti-Russian basis", it concluded.

Complicating the issue is the suspicion that some elements in

Russia want to stop Georgia being selected as the route for the main export pipeline (as opposed to two already agreed, smaller pipelines) which will eventually carry the bulk of Azeri oil to western markets. Moscow wants the pipe to run through southern Russia.

As the two countries struggle to define their post-Soviet relationship, the creation of a transport corridor linking Kiev with Tbilisi, Baku and Central Asia could play a critical part. Not only will it help resurrect Georgia's economy that — according to official estimates — shrank by 75 per cent during the anarchy that followed independence in 1991. It will also help make the shaky independence of this nation of 5 million people more concrete.

No one disputes that Russia will always exert a powerful influence over Georgia — geography, Christianity, a shared Soviet past, military connections, and cultural forces, make that inevitable. But a new "silk road" that does not go through Russia could finally loosen the handcuffs that have for centuries connected Moscow and Tbilisi. That is what the Georgians hope. Whether Moscow can stomach it remains to be seen.

Phil Reeves

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Moi under siege on streets of Nairobi

Kenyan students in new clashes as pressure for reform grows

Ed O'Loughlin
Nairobi

Students clashed with police loyal to Daniel arap Moi, the Kenyan President, for a second straight day in Nairobi yesterday, while opposition politicians warned of further violence if the government does not agree to basic constitutional reforms.

Early yesterday students threw rocks at police who prevented them re-entering Kenya Polytechnic, which was closed by the authorities following riots on Monday. Small groups of students continued to congregate along the street throughout the day, shadowed by truck loads of police with tear gas and riot gear.

The police made occasional charges to disperse groups of students - some of whom tried to block the busy Haile Selassie Avenue with burning debris - but there was no repeat of last week's heavy-handed police action, in which police killed at least nine pro-reform demonstrators, including two students, with clubs, rubber bullets and live ammunition.

A number of arrests were made over the past two days but there were no reports of deaths or serious injuries. One student told *The Independent* that the use of live ammunition last week made students unwilling to push confrontation too far.

"I think many of us will go home," said Joram, a 24-year-old student of surveying. "The way the situation is around here, we are going to die if we do anything. You could say we are living in fear."

While many students said they were demonstrating in favour of constitutional reforms leading to greater political freedom, others said the riot was sparked when the college authorities reacted harshly to a student protest over academic grievances on Monday.

According to one Western diplomat based in Nairobi, the political atmosphere is now so

tense that even relatively non-political disputes can quickly swell into public protests calling for the abolition of restrictions on movement, speech and political organisation.

Supporters of reform say that last week's killings prove that President Moi is bent on using repressive colonial era laws to ensure a further extension to his 19-year rule when elections are held later this year.

While opposition politicians and church leaders continue to call for constitutional reform in advance of the elections, they have so far failed to organise any mass actions or protests to build on the public fury at last week's violence.

Notoriously divided, opposition parties have failed to agree even amongst themselves on what to do next. The Forum for the Restoration of Democracy in Kenya, one of the two main opposition parties, is publicly split on whether it should resist the poll or once again accept President Moi's assurances that reform is on its way.

The reformist Safina party, founded by the paleontologist Richard Leakey, retains some credibility with ordinary Kenyans and foreign observers but is still officially illegal because Mr Moi's government refuses to register the party.

Yesterday Mr Leakey said that the reformist National Convention Executive Committee - a coalition of political parties, mainstream churches and NGOs - would launch an escalating series of mass actions if the government did not agree to constitutional reform. He identified the coastal city of Mombasa, Kenya's main tourist centre, as the next target for protest.

Conciliatory noises from President Moi, who has promised to begin a debate on the issue within his Kenyan African National Union party, have been contradicted by hardliners in his own entourage. Re-



Body blow: A student protester is dealt with harshly yesterday as President Moi faced new demands over constitutional reform
Photograph: Reuters



ferred to a police attack on the Anglican cathedral in Nairobi last week, the Minister for Transport and Communications, Mr Wilson Ndolo Ayah, accused the Anglican church of "engaging in criminal activities

by giving refuge to hooligans, thieves and other mischievous characters who were insulting and stoning fellow Kenyans in the name of calling for constitutional reforms."

The government is also under

strong pressure to reform from the international community, which is concerned at the growing potential for violence and at Kenya's continuing failure to deal with rampant corruption.

Following last Monday's

killings the United States State Department issued an unusually strong statement deploring the government's use of "strong arm tactics" in an "extreme response" to "instances of peaceful protest". Britain, the former

colonial power and still the major political and economic influence in Kenya, has joined 21 other countries in calling for political dialogue on constitutional reform.

The government in Nairobi

has so far rejected the calls, but with the US and Britain at the head of 20 Western countries calling for dialogue and reform. It risks losing the aid money it needs for its day-to-day survival.

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significant shorts

Blair meets Klerides for peace talks on Cyprus

British officials spoke yesterday of a possible change in the wind in the peace talks on Cyprus, arguing: "The negotiation may fail again. But if it succeeds, it's the real McCoy." The talks have been part of a never-ending stalemate, since the Turkish invasion of the island in 1974.

Glaucus Klerides, leader of the Greek Cypriots, yesterday met Tony Blair at Downing Street. The meeting came just three days after the conclusion of UN-brokered talks between Mr Klerides and Rauf Denktaş, the Turkish Cypriot leader, in the rural resort of Troutbeck in upstate New York. A second round of talks will be held in Switzerland next month.

Steve Crawshaw

Spain renews fight against Eta

Spain's Interior Minister, Jaime Mayor Oreja, said yesterday that the massive protests held to condemn the slaying of a young politician by the armed group Eta had opened a new phase in the battle against the armed separatist group. Mr Oreja said his government would do all it could to isolate Eta's political arm, the Basque coalition Herri Batasuna.

AP - Madrid

Milosevic elected president

Slobodan Milosevic was elected president of Yugoslavia yesterday in a parliamentary session that was organised hastily - apparently to prevent the leaders of Montenegro from voting against him.

AP - Belgrade

Euro MPs fight for allowances

Members of the European Parliament saw off demands for a serious clampdown on their lavish allowances yesterday, agreeing reforms critics dismissed as cosmetic. However parliamentary chiefs announced that MEPs will for the first time be asked to furnish proof of travel before claiming reimbursement on flights to and from Strasbourg and Brussels.

Katherine Butler, Strasbourg

Hitler's private secretary dies

Adolf Hitler's private secretary, Gerda Christian, has died in Düsseldorf, aged 83, *Bild* newspaper reported yesterday. Christian died in hospital from cancer, the newspaper said.

AP - Düsseldorf

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international

Innocents facing execution on America's death rows

John Carlin
Washington

Advocates of the death penalty in the United States remained unrepentant yesterday following publication of a report revealing that 69 condemned prisoners have been released from Death Row in the United States since 1973 after evidence emerged that they had been wrongfully convicted.

The report, released yesterday by the Washington-based Death Penalty Information Centre, warns that recent legislation approved by the Congress and President Bill Clinton to expedite the appeals process of convicted inmates and to minimise their access to legal help increases the odds that innocent people will be executed. Among the many cases cited in the report one concerns two men who were released after 10 years on Death Row even though another man confessed to the crime shortly after their conviction in 1985.

In another instance of gross miscarriage of justice, a man spent 18 years awaiting death in an Illinois prison until new evidence of his innocence providentially unearthed by three journalism students secured his freedom in June last year.

Some 6,000 people have been sentenced to death in the US since 1973 which translates, in the light of the report's figures, into a rate of more than one innocent death row inmate for every hundred death sentences passed. "The rate may be considerably higher," the report said, "since extraordinary efforts are generally needed to free a death row inmate, and most inmates do not have those extra resources available to them."

The statistical evidence suggests that at least 32 of the 3,300 inmates currently awaiting death by lethal injection, hanging or the electric chair are innocent. But scant reason exists to believe that legislation signed by President Clinton last year to cut off

all government funding for death penalty resource centres, a system introduced under Ronald Reagan's watch to assist lawyers conduct capital appeals, will be reversed soon.

America's elected leaders, responding to the public's impatience at the typically long delays between sentencing and execution, have been pressing both at state and federal level for new laws that will speed up the killing rates. Indeed, enthusiastic support for the death penalty is a *sine*

qua non of electoral success for any candidate running for the presidency and most running for Congress.

A poll conducted by ABC television to coincide with a broadcast on Monday night dedicated to the Death Penalty Information Centre's report found that 77 per cent of respondents continued to favour legal executions against 19 per cent who unequivocally did not.

Bill McCollum, the Republican head of the House of Representatives

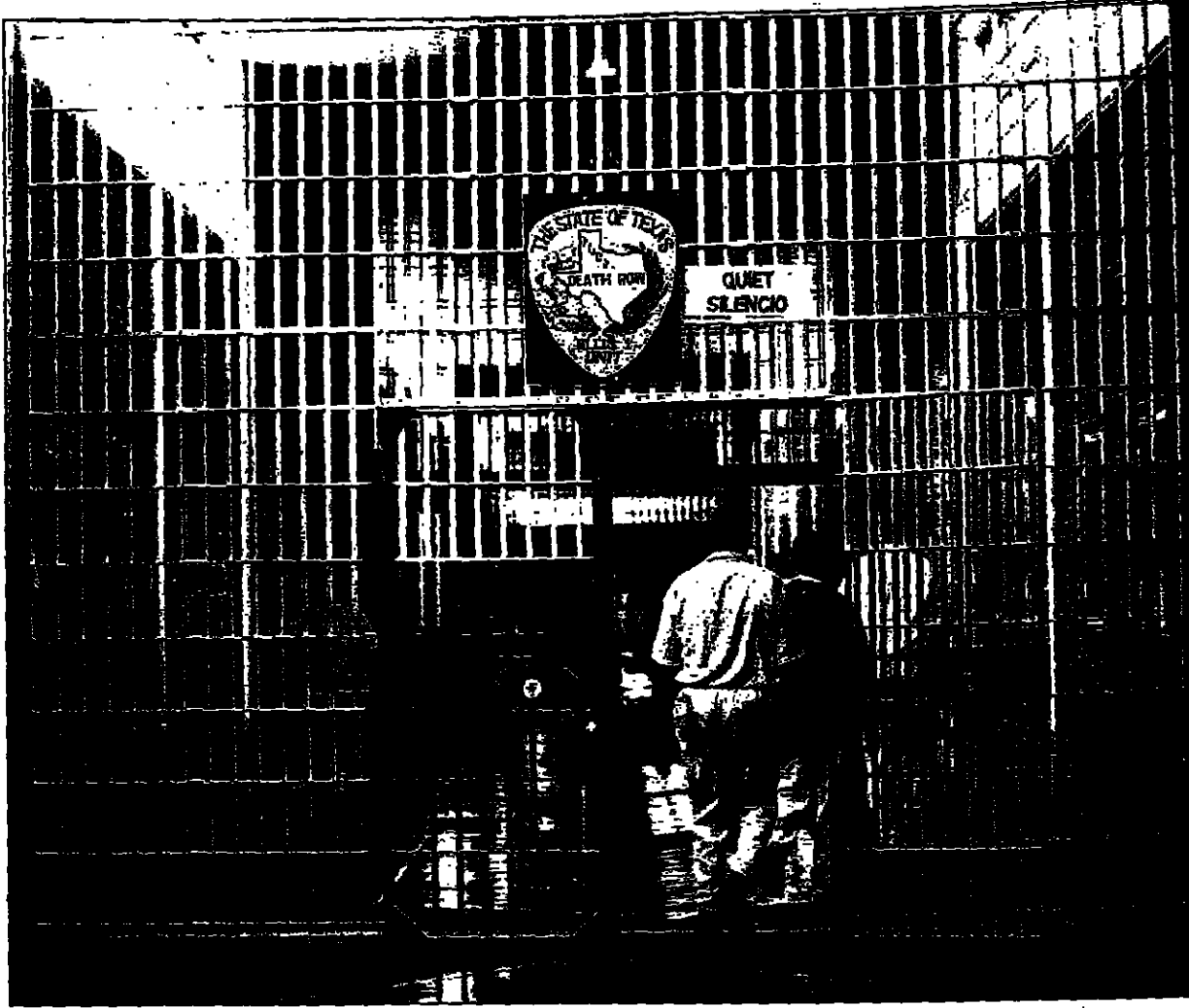
Judiciary Committee, is a proponent of capital punishment so zealous that he found motive for cheer in the report. "It shows," he said, "that the system is working quite well." In the light of the fact that 400,000 murders had been committed in the US since 1973, Mr McCollum said he was "encouraged" by statistics revealing that only 1 per cent of those sentenced to death had been mistakenly convicted.

Acknowledging that "justice is not perfect", he said such a margin

of error represented an acceptable level of risk. Mr McCollum remains unmoved having read in the report the stories of Rolando Cruz and Alejandro Hernandez, who were sentenced to death in Illinois in 1985 for the murder of a 10-year-old girl. Another man, Brian Dugan, who had already pleaded guilty to two rapes and murders, confessed to the killing through his lawyer. Yet it took 10 years for a judge to throw out the case against the two men in 1995.

The fact that Hernandez, according to the court that initially convicted them, was borderline retarded never counted as a mitigating factor. Indeed, 31 offenders found to have been mentally retarded have been among the 400 executed in the US in the last two decades.

More than half of the 400 have been put to death in the past five years, pushing the US into the top ranks of the world's legal executioners alongside Iran, Iraq and Saudi Arabia.



One way ticket: (left) The sign on the gate at Huntsville prison, Texas, lets inmates know they are on borrowed time (Photograph: Gerald Davis); (above) Florida's infamous electric chair - Old Sparky

Israel risks peace with double killing

Robert Fisk
Beirut

The Israeli-Hizbollah ceasefire in southern Lebanon was in danger of collapsing last night after Israeli artillery fire killed two more civilians - a Palestinian woman and her son - and Hizbollah fired 18 Katyusha rockets at Israeli forces in retaliation.

The bodies of 50-year-old Laiaq Marmar and her son Ahmed, covered in blood, were brought into the mortuary of the Hammond hospital in Sidon within minutes of their deaths in an orchard outside the Christian village of Barty, on the edge of the Israeli occupation zone. They had been killed by one of 20 shells fired by the Israelis; Mrs Marmar's 18-year-old daughter was seriously wounded.

Their deaths followed a Hizbollah attack on an armoured vehicle belonging to Israel's South Lebanon Army militia allies and the Israeli later said - correctly - that they had fired into fields, not into a village. The terms of the April 1996 truce forbid Israelis or Hizbollah to fire at each other from, or towards, civilian areas of Lebanon.

But the farm on which the Marmars were working was

scarcely a war zone, and Lebanese delegates to the ceasefire committee intend to add the names of Laiaq and Ahmed Marmar to that of Ahmed Sweidan, the elderly farmer killed by Israeli Besheer shells on Saturday, when the committee meets at the UN headquarters at Naqoura today.

There are growing fears in the south of Lebanon that the Hizbollah will fire Katyusha rockets over the border into Israel if the committee does not unequivocally condemn Israel for recent shelling in which at least 15 civilians have also been wounded - including a boy who lost his eye when Israeli artillery batteries retaliated for the killing of an Israeli officer 11 days ago.

Three of the 18 Katyushas fell inside Israeli territory. It was in just such a way that last April's Israeli blitz on southern Lebanon - which cost the lives of almost 200 Lebanese civilians - began.

Almost equally ominously, Israel's "Voice of the South" radio station, broadcasting from the occupied area, yesterday quoted the head of the Israeli army's northern command as saying that the Hizbollah were targeting civilians while Israeli troops were showing the "utmost restraint" in not firing

upon civilians. A similar quotation was broadcast before the April 1996 bombardment.

The truth is that while the Hizbollah have wounded Lebanese civilians inside the occupation zone - another civilian was hurt in an attack on the SLA yesterday - eight of the nine deaths in southern Lebanon over the past 15 months have been caused by Israeli forces.

But truth in southern Lebanon is worth as little as human life and Israel's military occupation is becoming ever more tenuous as large numbers of its proxy SLA mercenaries are defecting to Beirut. In one village in the Israeli occupation zone, only six of the original 32 SLA men are still working for the Israelis; the rest have fled or been killed in Hizbollah attacks.

At night, the SLA tune in to Hizbollah's radio station in the hope that it will warn them of imminent assaults. So distrustful are the Israelis of their own SLA militiamen that they imprison their local mercenaries in a room at their gun emplacements - with a guard on the door - whenever a senior Israeli officer visits the front lines. SLA men are now paid between \$500 and \$600 a month - but complain that they are often paid in forged notes.

Algeria frees jailed fundamentalist leader

Paris (Reuters) - Algeria freed radical Islamic Salvation Front (FIS) leader Abassi Madani yesterday in what diplomats termed a dramatic step but one unlikely to end violence in the North African country.

The outlawed FIS leadership in Europe welcomed the move as a "positive act ... and a definite and effective contribution to solving the crisis and returning to peace and stability".

The military prosecutor's office in Blida, where Madani had been sentenced to 12 years' imprisonment in 1992, said the measure was a "release on parole".

"It's a dramatic move in terms of the government relationship with the opposition and FIS," said a senior diplomat in Algiers.

"But it is not going to stop the violence like the bomb in Baraki ... or the massacres. There's no reason to think that Madani can do that now."

The FIS leadership urged Algiers to follow Madani's release with that of his fiery deputy Ali Belhadj, jailed at the same time for 12 years, and that of "all the political prisoners".

It said this was needed to prepare the climate to "allow the return of the effective sovereignty of the Algerian people".

Belhadj is widely seen as a more of a hardline radical than

his boss. The authorities, during their talks with the FIS leaders in 1994 to try to end the violence, accused him of sending a letter to guerrillas urging them to increase attacks.

Madani's release follows an upsurge of violence since Algeria held multi-party general elections on 5 June. Hundreds of people have been killed in attacks blamed on Muslim fundamentalists.

"And the GIA has nothing to do with the FIS and it's that group which is doing the urban bombings like that yesterday."

The Armed Islamic Group (GIA), led by Antar Zouabri, 27, is the most ruthless of the groups and is blamed by the authorities for bombings and massacres in which hundreds have died.

On Monday, a bomb in the Algiers suburb of Baraki killed 26 people and wounded more than 80, mainly women and children, Algerian newspapers said yesterday. Security forces said 21 died.

After a weekend in which two newspapers reported the massacre of 44 people, most with their throats cut, the government paper *El Moudjahid* said security had worsened with another massacre - this time 15 civilians - in Medea overnight on Monday.

Madani, 66, was serving a 12-year jail term imposed in 1992 for threatening state security after a strike and riots preceded Algeria's multi-party general election planned for June 1991.

In the unrest at the height of the FIS's domination of city streets in June he said: "If the army does not withdraw we will be obliged to call a jihad (holy struggle)."

Two days later, he and Belhadj were arrested. The poll was put off to December 1991. And after the FIS took a huge lead, the authorities cancelled the results and a planned second round.

Just months later, amid growing violence, Madani and Belhadj were tried and sentenced by Blida military court.

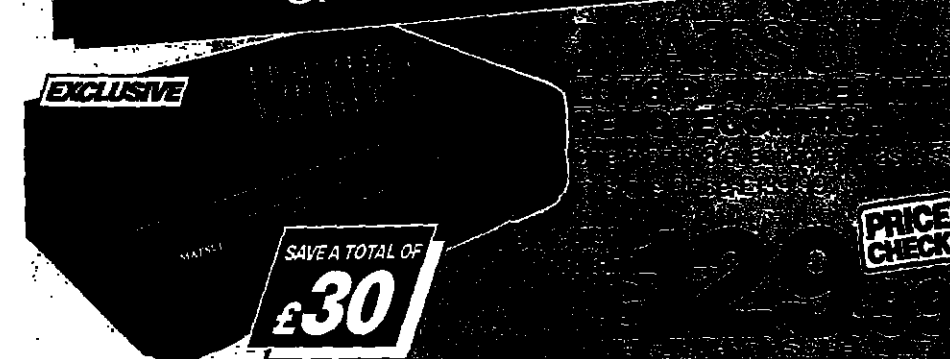
Last week Abdelkader Hachani, the man who led the FIS in the elections, walked free from jail after being given a five-year sentence, covered by his period in detention. The prosecutor asked for 10 years on charges of trying to undermine state security.

El Watan newspaper, then forecast President Liamine Zerroual's government might lift the state of emergency to force political consensus with the opposition.

Legal opposition groups have long demanded the 1992 state of emergency be lifted to enable full political activity by Algeria's 29 million-strong population.

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Kate O'Hanlon, Barrister

Britain's chance to be at the heart of a new Europe

The expansion of the European Union is good for Europe and good for the applicant countries. If the Treaty of Rome was, symbolically, the real end of the Second World War then the opening of negotiations between the EU and Poland, the Czech Republic and other eastern countries will represent the culmination of the Versailles Conference at the end of the First World War, offering them the chance to join the western world and grow in peace and prosperity as full nations. One of the beauties and paradoxes of European union is that it is a means of realising nationhood: for Poland and others, joining Europe could be a way of peacefully realising national aspirations suppressed for so long by Soviet occupation.

The Agenda 2000 document expected from the European Commission today is barely even the first shot in what necessarily will be a lengthy campaign. The first tranche of applicants has to be approved at the summit in Luxembourg at the end of the year. After that, how long will it take to settle terms and revamp the governance of the EU? Yet already the process of admitting new members has forced the anti-expansionists to show their hand. For this is not just an exercise in assessing the openness of Polish markets or the liberalisation of Hungarian financial institutions, important though those are; it inevitably addresses the very

nature of the EU and the constellation of interests within it.

That is why the bid by the Poles, Slovenes, Czechs, Hungarians, Estonians and (Greek) Cypriots is, in principle, so welcome. It forces us to examine the architecture of this organisation – the capacity of the Commission, the nature of voting in a ministerial council expanding from a membership of 15 to 21, the problem of language and, especially, the question of European democracy.

The Common Agricultural Policy was created in the 1950s, a set of trade-offs between manufacturing and agricultural interests in France and Germany. That it has survived the expansion of the community created by the Treaty of Rome in 1956 is a tribute to inertia, also to the weakness of the British bargaining position in the 1970s. That it has preserved a French landscape that delights foreign tourists and has improved the general temperament of our island neighbours by making many Irish farmers rich are incidental benefits – which do not at all excuse its system of subsidies. That the Americans, for all their claims to be holier than thou in market matters, also subsidise their farmers is neither here nor there. The CAP is an affront. There is no possibility that its benefits could be extended to Polish agriculture (to do so would wreck EU budgets for decades). Let the Poles in and the CAP be removed.



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Chancellor Kohl, speaking for the forward Europeans, has argued that it is possible to have both integration and expansion – he sent a message the other day to the French Prime Minister Lionel Jospin encouraging him to “deepen European integration”. But this won't wash. A union of 21 might work as a loose and rather baggy free trading area within which certain directives sought to establish reasonable equivalences in terms of work practices and the environment (and how long would it take to get to today's position with the 15, in a union of 21?) But a union of 21 integrated in the way

Chancellor Kohl envisages is not within the realm of practical politics for at least the first three decades of the new century. For British consumers to have access to Estonian timber without tariffs and for British banks to set up shop in Tallinn sounds like a way of enhancing well-being on both sides. But for British and Estonian MEPs to go to Strasbourg and pretend they are part of a single political community, its legitimacy willed by voters in the respective countries – that day is necessarily a long way off.

The enthusiasm of the applicant countries is a recognition that they have

no destiny other than to embed their democracies within an essentially “western” framework. But goodwill is no substitute for institutional re-engineering. One of the risks of this process of application and negotiation is that expectations are raised high. It may be a long time before, say, the Czechs are able to accept the directives affecting the environment. The height of the barriers to entry is a practical matter, but it is also bound up with the question of whether the EU is a fixed, juridical thing, or an entity in a constant state of negotiation and renegotiation. The creation of a common currency suggests the former. Can, then, the EU move forward as a plural association, with one group closely bound together, sharing the same money, while another group (including Britain?) jogs along outside?

In an ideal world all these questions would receive cut and dried answers before the next stage was broached – the Commission would set out a blueprint for institutional reform before negotiations with the aspirants began. But one of the virtues of the European Community/Union has been its empirical nature, the way it has grown like Topsy. Confronting the former Soviet satellites and Cyprus will be another occasion for the EU to refine and redefine itself *in situ*. But that will not happen without positive statesmanship from existing members. In present

political circumstances that does not look likely to come from the French and the Germans, wedded as they are to the project of monetary union and what increasingly looks like an anachronistic vision of Europe's coming together. Not for the first time, an opportunity presents itself for the British to be at Europe's heart.

The cap that fits Labour

The new intake of Labour MPs, the most chaperoned, monitored, instructed and badgered bunch of House of Commons recruits ever, have now been given advice by party apparatchiks on conducting garden parties, as a way of ingratiating themselves with supporters in their constituencies. Most of it is common sense, though Millbank neglects the crucial topic of what you do with a garden full of guests if it starts to pour – which, given what happened yesterday, St Swithin's day, it may well do. And what should women guests wear on their heads? Attending a do on the invitation of HM the Queen, there is no doubt that something big, yellow and trimmed is in order. Perhaps these days a “Labour” logo baseball cap would be appropriate, rather than a bright red beret and bundanna.

• LETTERS TO THE EDITOR •

Cost of gene patenting will hit patients

Sir: Alastair Kent (letter, 15 July) states that the EU directive on gene patenting “is a significant clarification over the present position”. The tabled directive, although stating in paragraph one that the simple discovery of a gene is not patentable, also states that technical processes that isolate the gene may constitute a patentable invention. This amounts to the fact that genes are patentable.

Actual genes or gene sequences in isolation will probably never be used in therapy. However, work with identified genes will lead to the design and production of new small molecules which will be useful therapies. These in themselves would be patentable. If a gene is to be delivered to the body, a delivery system or vector needs to be developed. As these also would be patentable inventions, why patent the gene itself?

If a biotech company creates a new molecule it does not gain any reward from it until it can demonstrate a use for it. There is, therefore, real incentive to develop a treatment, as the molecule itself has no value without it. A gene, however, can be tested for, and as such the discovery of a gene immediately gives it a value. If a company can earn money from a discovery, is there a real incentive to develop a therapy?

As things stand in the directive, licence fees and royalties will have to be paid on all patented genes. In the future genetic tests for heart disease and breast cancer may involve the testing of 15 or more genes each. This will mean 15 separate royalties to be paid, and thus make genetic testing much more expensive and inaccessible. The economic and patient benefits of targeting preventive and screening strategies on those really at high risk will be less attainable. The NHS will also have to pay out for the administrative costs of negotiating a separate deal with every gene patent holder, as well as the legal costs of any patent challenge.

Biomedical companies do need to be encouraged to invest in genetic research, but let us get the directive right. We don't need a broadly interpreted patent directive which will allow effective monopoly of research on particular genes and cost the NHS unnecessary money. Why not get the wording right to mean that companies can benefit from gene discoveries only if they make a “genuinely inventive step such as the development of a therapy (which will incur real development costs). Let us hope that MEPs vote for amendments which really tighten up the interpretation of this directive.

DR GARETH EVANS
Consultant in Medical Genetics
Central Manchester Healthcare
NHS Trust

Sir: Adam Hedgecoe's assertion (letter, 15 July) that gene patents cover “just chemicals” is like saying that Shakespeare is “just letters”. Rather it is the information (the “sequence”) carried within these genes that is actually being patented. We all carry this information, and it is part of what we are as living organisms.

PHILLIP LORD
Edinburgh



National debate on defence policy

Sir: In a commendable effort to create a national consensus on defence and security policies, the Government has launched what Polly Toynbee accurately describes as “a remarkable exercise in open government”. But it is difficult not to despair when a journalist as gifted as Ms Toynbee contributes to this exercise an article as prejudiced as “A Boy Scout motto: prepared for what?” (14 July).

Ms Toynbee's views on the priorities to be accorded to defence on the one hand, and social security, the NHS and education on the other, are well known. Those views may perhaps be correct – although I do not think so. But the point of the Government's national debate is to try to establish the balance of opinion on these priorities. It is disingenuous to pretend that expenditure on the realities as presented “in a magistrates' court” or during an Ofsted inspection self-evidently ought to enjoy greater public support than expenditure on the armed forces or other capabilities which may enable the UK to continue to play an effective international role.

What is worse about Ms Toynbee's article is the impression conveyed that the whole defence policy exercise is a *lex Ministeriae*. It would be difficult to guess from Ms Toynbee that the debate at last Friday's seminar lasted six-and-a-half hours; that the great majority of participants were drawn from university faculties and institutions such as the Oxford Research Group and the Disarmament Intelligence Review;

or that of some 40 substantive interventions, fewer than 10 were from official spokesmen.
SIR MICHAEL ALEXANDER
Chairman, Strategic Defence Review
Seminar Centre for Defence Studies
King's College
University of London

Sir: Polly Toynbee states that there has not been any dogfighting in aerial combat since the Battle of Britain. The Fleet Air Arm Sea Harriers “mixed it” with Argentine aircraft during the Falklands conflict. Sidewinders were used, but often British pilots had to get in close for a kill using cannons. In the Gulf, the RAF Tornado F3s were withdrawn from direct air support over the battlefield because they were not agile enough to take on Iraqi MIG-28s.

The current generation of Russian-built aircraft (which are being exported to anyone who can pay) are extremely capable jetfighter aircraft. The RAF needs Eurofighter, because it is affordable (especially when compared to the US F-22) and capable of meeting this threat, wherever it may be met. If Eurofighter were to be scrapped, what would we replace it with, and where would the money come from?

The media attacks on Eurofighter remind me of the ill-informed campaign that killed the last truly great British aircraft project, the TSR-2.
TOM BENNETT
Easts Colne, Essex

A millennium stuck in the past

Sir: The fault with the millennium exhibition is that the whole idea of the grand exhibition of technology is an anachronism. When the Great Exhibition was held the Industrial Revolution was still young. Most people had not previously ventured as far as the metropolis, and the sights to be seen in the Crystal Palace were truly wondrous.

Many comparable exhibitions have been held since, all over the world, but they are all essentially the same thing, a demonstration of the latest achievements of human technological mastery over nature. There is no longer anything wondrous about this. Most people have themselves travelled at speeds approaching that of sound, and risen by machine above 30,000 feet in the air. We can all see moving colour images from all over the world at the touch of a button in our own homes.

After millennia of struggling against nature in a battle for survival it was only natural that the latest power of human achievement should be a cause of wonder and excitement. But that struggle is over. The struggle now is against our own profligacy; the powers of nature are tamed. The grand exhibition is faintly ridiculous, rather like the local Biffo cinema in the age of television.

A far more appropriate way of celebrating the millennium, if we must celebrate an arbitrary date, would be in taking a grand step

towards conserving what is left of the natural world – creating a true, properly funded, national park perhaps.
K HAGGETT
Sheffield

Legal trap for the speedy

Sir: Miles Kingston (“Trying to pull a fast one are we, sir?”, 10 July) asks on what charge the police could get him if he stood by the road with a large sign warning speeding motorists of a police speed trap ahead. The answer is, obstructing a constable in the execution of his duty, contrary to section 89(2) of the Police Act 1996, an offence punishable with one month's imprisonment and/or a fine of up to £1,000. The High Court so held in 1999 when upholding the conviction of an AA patrolman who warned motorists exceeding the then speed limit of 20 mph: *Betts v Stevens* [1991] 1 KB 1.

If Mr Kingston were to protest that his warning was given only with the laudable objective of preventing the commission of a crime – the argument which prevailed in the earlier case of *Bastable v Little* [1907] 1 KB 59 – he should be told that the Divisional Court in *Green v Moore* [1982] 2 WLR 671 were not impressed with this distinction. Donaldson LJ commenting: “We cannot see any distinction between a warning given in order

that the commission of a crime may be suspended whilst there is a danger of detection, which is an offence, and one which is given in order that the commission of a crime may be postponed until after the danger of detection has passed.”
DAVID LAMMING
Groun, Suffolk

Secret swoop on accused Serbs

Sir: Bill Woodger (letters, 14 July) obviously does not understand the complexities of arresting alleged war criminals if he is questioning the need for secrecy of indictments issued against Bosnian Serbs. The arrest of Kovacevic might well not have been possible had it not been for the sealed indictment.

Sadly, the chances of the “big fish” being arrested are very slim, despite Nato getting its act together. The chances of arresting Karadzic and Mladic are not helped by the publicised warrants for their arrest, as is the case with another 70 or so. By issuing secret indictments there is less chance of the suspects surrounding themselves with hundreds of bodyguards, thus preventing any kind of arrest – as Karadzic has done.

As regards SAS tactics, it would not have mattered who went to arrest Drijaca: it could have been the Metropolitan Police firearms unit: the result would have been the same. Or does Mr Woodger think it acceptable for a person nearly to kill another for simply issuing a verbal challenge?
JAMES VELUSIE
Nottingham

Afraid to talk about cannabis

Sir: A university student who, with his family, is a member of our congregation, has been sent to prison for six months for dealing in marijuana. The boy bought a few grams for himself and some friends. Apart from the savagery of the sentence for such a trivial offence – an offence which is shared by half the students in our universities – it highlights once again the desperate need for the Government to discuss our society's policy towards soft drugs.

Smoking or otherwise consuming marijuana is a regular part of the life of a huge number of British people from all generations. A law which is so widely disregarded has to be questioned. With the honourable exception of the admirable Clare Short, why are our politicians so afraid to talk about it?

What purpose can possibly be served by sending our young friend to a violent – he has already been attacked once – and overcrowded prison where heroin is freely available?

THE REV NEIL DAWSON
St Paul's Knightsbridge
London SW1

Deaf drivers face ageist slur

Sir: What justification has Madeleine Neave (letter, 12 July) for her suggestion that hard of hearing people should be debarred from driving cars? I have known several profoundly deaf people who were safe and excellent drivers.

Most drivers with poor hearing are the more observant and quick to act on the evidence of their eyes and consequently among the safest on the roads. This is confirmed by my own insurers.

Let not this ageism deny us the right to drive while our eyes can be relied upon. Test eyes when need arises, but careless youth, not experienced age, is the major cause of road accidents – and hearing has nothing to do with it.
JACK PENNYCATE
Guildford
Surrey

Clean rockets

Sir: No, it is Mr Clarke (Letters, 14 July) who is not clever enough, when he suggests that the manufacture of hydrogen rocket fuel entails greenhouse gas production.

Hydrogen can be produced by electrolysis, using electricity that can be generated by solar, wind and various other means (including nuclear) that do not generate carbon dioxide.
JIM MANGLES
Worham
Norfolk

Payment deferred

Sir: Your correspondents Mervyn Benford (letter, 9 July) and M A Qavi (14 July) are fortunate indeed.

I recently paid into a building society (not yet a bank) a substantial cheque from an insurance company of good standing. With a short and, I hope, somewhat embarrassed pause, the employee dealing with it told me there would be a 10-day clearance period.
RAPHAELA MOTTRAM
Salisbury

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analysis

For years farmers have grown rich on subsidies under the Common Agricultural Policy. On the eve of its reform, Nicholas Schoon says it's about time we got our £30bn worth



Fattened up, now for the kill

Today, with Britain's cereal harvest about to begin, the European Commission will spell out its latest proposed reform for Europe's greatest, longest-running scandal – the Common Agricultural Policy. What Brussels advocates is a lurch towards a freer market, with cuts in guaranteed minimum prices for cereals, beef and dairy products. Farmers will be compensated with direct annual payments running into thousands – and for some hundreds of thousands – of pounds. These will continue indefinitely.

Food should become cheaper for consumers, but the overall £30bn-a-year cost of the CAP for Europe's taxpayers is expected to rise by a few billion pounds a year. The Commission wants us to pay farmers a straight subsidy, simply because they are a Good Thing. As a result European agriculture will continue to be, by international standards, massively overmanned, though employment in it will keep on falling fast. That overmanning is also seen as desirable, because we want a thriving, populated countryside which continues to look as we expect it to. Sort of traditional. It must seem grotesquely unfair to the tens of thousands of European coal and steel workers who have lost their jobs because of the massive withdrawal of state subsidies in these industries. But you have to admire the sheer lobbying muscle of those farmers. The CAP costs the average Briton £3 in higher food prices and £1 in taxes each week. Total cost to UK taxpayers – about £3bn.

If we are to have these direct payments to farmers replacing artificially high prices for their

produce they ought to have strings attached. But before going into that we should welcome the good in this reform. It is absolutely right that Europe should reduce guaranteed, "intervention" prices further and move closer to world market prices. Guaranteed high prices encouraged farmers to grow vastly more than consumers inside and outside Europe demanded. Mountains of cereals, skimmed milk powder and beef, and lakes of wine had to be stored and eventually dumped on world markets at subsidised, cheap prices. So European consumers had to pay unfairly high food prices within the Union, while outside, farmers in Third World countries struggled to compete with the cheap imports which harmed the chances of poor countries becoming self-sufficient in food.

Guaranteed high prices were an insane way of subsidising European agriculture, and the recent freeing up and tariff-busting in international trade – the Uruguay Round of the GATT – forced the European Union to start abandoning them. A 1992 reform of the CAP began the process. The single most important element was a 35 per cent cut in guaranteed minimum cereal prices, phased in gradually. To compensate, Europe's grain farmers were given a direct payment for each hectare of cereal they planted. The only string attached was that the continent's larger farms (which meant virtually all of Britain's) would have to stop growing cereal on part of their land (up to 15 per cent). They got an even larger payment for each hectare of this set-aside land. The idea was to grow less and cut surpluses by taking land out of production.

But then something strange happened. The internationally traded, world price of cereals began to rise much more rapidly than had been envisaged, thanks to a combination of bad harvests, soaring demand from fast-growing nations such as China and measures to cut overproduction introduced by big exporters such as Europe. Instead of dumping exports at subsidised prices, the European Union actually imposed an export tax to try to keep its grain within its borders.

Farmers no longer needed to worry about the decline in the guaranteed minimum price – what they were getting was way above it. They no longer needed the direct payments in compensation, but they still got them. The mid-1990s were marvellous times for the "barley barons" of East Anglia. Fortunately this absurd situation could not last: more cereal was grown worldwide, international markets readjusted and the world price came down. Now the European Commission is forecasting that farms will again produce mountains of beef, cereal and dairy products. Why? Because if farmers get a good, reliable price for their crops, they will inevitably grow more and more. Individuals improve their skills and find more land, while farming technology always improves and crop yields rise.

So another reform is needed to tackle these surpluses, but there are two other powerful incentives for Europe to go back on CAP once more. The amount of surplus food the Union can dump on world markets at cheap prices has been strictly limited under GATT – any breach would trigger a trade war. The next round of world trade negotiations is expected to curb this dumping still further. The accession of Eastern European states into the EU will also make the costs of the CAP to consumers and taxpayers very much higher.

Faced with these factors, there are really only two options for reform. Make Europe's agriculture run on world market prices or set quotas which ensure the continent's farmers do not keep growing more food. Quotas are by far the worse option, because they are more bureaucratic and keep prices artificially high.

The proposals to be unveiled by the Commission today include both. The aim is to cut guaranteed cereal prices down to world market levels at a stroke, while reducing beef prices

more gradually – and compensating farmers with direct payments. A 10 per cent cut in the support prices for butter and skimmed milk powder is proposed, leaving them above world prices. Furthermore, the system of milk quotas for individual farmers is to continue beyond 2000, when it had been due to be reviewed.

Something roughly along these lines will eventually be agreed after about two years of intense argument between the EU member states. In the process, the governments and ministers of most nations – Britain and one or two others possibly excepted – will be questioning the need for continuing massive subsidies for farmers. They will use the same justification for CAP as they have for decades, that it preserves small farms, and therefore rural economies, and conserves traditional farmland landscapes.

But it doesn't. Farming will employ fewer and fewer people as it becomes more efficient. Our EU partners are far more worried about rural depopulation than we in Britain. Their employment in agriculture has been dropping at a faster rate than ours and is forecast to continue. Our farms are, on average, five times as large as the rest of Europe's and a much smaller proportion of our workforce is on the land.

Intensification, too, is bound to continue. In the process the landscapes and wildlife we love are destroyed. Hedges are grubbed out to make bigger, more efficient fields, meadows and pastures rich in wildflowers and insects are ploughed up, while the wetlands which support so much of our flora and fauna are drained. You can slow the rate at which farming modernises with generous, unconditional subsidies. But you cannot stop it, and you are just as likely to speed it up. That is what happened in Britain and elsewhere, such as the cereal plains of the Paris basin – which are just as productive as anything in prairie-like East Anglia.

The right way forward for the CAP has to be a combination of world market prices and conditionality. If we subsidise farmers they must give us something agreed upon in return, and if they fail their grants must be whittled away from them. What do we want from our European farms? A diversity of native wildlife, attractive landscapes, safe food, minimum use of pesticides and fertiliser, humane treatment of farm animals, long-term conservation of key resources and a living for rural people. Continued subsidy

must be conditional on farmers giving us these things. If they want to opt out, and make a living solely by selling their products at an unsubsidised price then let them. But hopefully, the majority would want to opt in.

There are all sorts of pitfalls. Take animal welfare, for example. The two factory-farmed creatures we are most worried about are battery and broiler chickens and pigs. Both are outside the CAP's subsidy regime. If you had a mixed farm with cereal and beef as well as pigs and chickens, you could end the farmer's direct payments for beef and cereal if he refused to treat his pigs more humanely. But the farmer would be just as likely to respond by stopping beef and cereal farming and stepping up pig farming.

Two overall principles should apply. One is that nations, regions and local governments should be given as much say as possible in deciding what they want from farming in their own area. If continental Europe wants to focus much of the subsidy on maintaining rural economies and populations, fine, but this is not a priority in Britain. Here people are, by and large, moving out from the city into the countryside and the rural economy is doing better than the urban one. Our priorities, at least in lowland England, are to have more woodlands, ponds and wetlands, conserve what little remains of semi-natural habitats and expand organic or low-intensity agriculture. The other principle is that subsidies should be in return for stopping the negative trends getting worse, and starting to make things better. If rural decline – of whatever kind – continues then the conditionality approach will have failed, just as the old ways failed before it. There also has to be scope for flexibility and imagination. We don't want a chocolate-box countryside.

It may sound like a waste of money to give £3bn a year in subsidies for conserving British wildlife and landscapes. Think about what that could buy in terms of improved schools and public transport. But what is the alternative? Political realities dictate that European agriculture will continue to be massively subsidised. Britain, a net contributor to the CAP, must ensure that it gets its fair share of those subsidies (which will be around £3bn). Better to ensure they are used to give us the countryside we want rather than simply give them to our farmers unconditionally.

Farmers at a cattle auction near Calviat in the Auvergne – the French want subsidies to help to preserve the rural way of life, but the opposite is happening.

Photograph: Brian Harris

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Changing Radio 4? Over to you, John

James Boyle, boss of Radio 4, is rumoured to be axing some of the channel's best-loved programmes, and people have been speculating about which ones are due for the chop. I refuse to take part in such idle gossip. I prefer to speculate about how the programmes themselves would deal with the matter. These, for instance... From "Start the Week".

Bragg: So what you're saying is that we are genetically predisposed to do less thinking between nine and 10 in the morning? Geneticist: Yes. Bragg: And any programme that sets out to have a good intellectual discussion about the origin of consciousness between 9 and 10 is barking up the wrong tree? Geneticist: Yes. Especially on a Monday morning. It's the worst possible time for it. Bragg: That's tosh. Monday morning between nine and 10 is a great time for the cut and thrust of debate. This programme does it all the time. Geneticist: Think how much better it would do it if we were all awake and not frazzled by Monday morning rush hour. Bragg: That's tosh.

Enter Jonathan Miller: Miller: Did I hear someone mention the word "microencapsulation"? From the "Today" programme. John Humphrys: A decision is likely to be reached soon about whether Today should be extended or curtailed. Some say it is the foremost channel of morning news. Others say it is a crude pantomime of confrontation and disagreement which enlightens nobody. In the studio we have the producer of Today and in the radio car we have Ridley Pallister, radio critic. Now, John, you've been producing Today for how long? Producer: Five years. And it is a five years I am very proud of. Humphrys: Pallister? Pallister: The last five years have seen the decline of Today from a thoughtful news programme into a worthless shouting match. Producer: That's absolute rubbish! Pallister: No, it's not. And everyone knows it but you and James Boyle! Producer: Today gets more than 2 million listeners. In the evening the Radio 4 audience has shrunk to barely 200,000. We must be doing something right.



Miles Kington

Pallister: You've got the right slot, that's all. Most people automatically switch on radios for the news early in the morning as they get up and move around the house. Whatever programme was on then would get a good audience. It doesn't mean it's a good programme. Just a good slot. Producer: That's rubbish! Humphrys: I wish we had more time for this fascinating discussion, but alas... From "Midweek". Libby Purves: And today's special birthday guest is a man who has listened to every edition of Midweek since it started! But first let's go round our guests and see how many of them have had

birthdays in the last year or two... From "Medium Wave". Hanna: It's been a medium sort of week for Medium Wave. Lots of big stories, but the biggest of all for us has been the story in several of the broadsheets that Medium Wave may be waving goodbye. This poses the question: should the radio be reviewing the press and media at all? If not, where will I be getting the chance to chair another programme? Simon? Hoggart: Can't help you there, Vincent. Hanna: Cecil Parkinson? Parkinson: Hello, everyone! Nice to be back! Hanna: And so goes this medium week. See you soon, or not, as the case may be. From "Loose Ends". Sherrin: And the mystery noise was, of course, the sound of the axe falling on The Afternoon Shift. (Hysterical laughter from guests.) Right then, let me see, ah yes, Jenny Constable, you're appearing in a revival of The First Noel, the Sheridan Morley musical about Noel Coward... Constable: That's right, the Domino Theatre, from Friday. Sherrin: Very good, got the plug in, now do tell us, have you got any funny stories

about this programme which would help to keep it on the airwaves? Constable: No, but I was once in a lift with Laurence Olivier, and I said to him: "Are you going up or down?" and he said, "Actually, at my age there isn't really a lot of difference!" (More hysterical laughter.) From "The Moral Maze". Sue: Michael Mansfield, were you impressed by any of the witnesses who wanted The Moral Maze axed? Mansfield: I rather agreed with the man who said that this wasn't a discussion programme at all, but a soap opera with rather crudely drawn stereotypes as characters. David Starkey: Oh, that's just so stupid and anti-intellectual. Give me an example! Mansfield: Certainly. There used to be a character called Edward Pearce who was written out after clashes with you. Starkey: That's preposterous! We aren't stereotypes! Sue: Oh, shut up, you pompous old git! Starkey: That comes well from a jumped-up news reader! Etc, etc. Full transcripts of programmes are available.

Now Blair must go out and sell his vision of reform

What has happened to the constitutional question? Has it been lost? Has the Lord Chancellor made off with it to his Argyleshire fastness, hoping to frame it while no one was looking? After all, we were told the constitution was going to be a great political cause for the new government; and so far, nary a cheep

In fact, the bird is just about to crow. Political reform in general, and devolution in particular, has been the subject of a ferociously hard and at times tough battle inside government. Finally, a week tomorrow, the White Paper on Scottish and Welsh devolution will be published – the fruit of many intense hours of cabinet committee struggle, which ended yesterday morning. That will begin a huge political debate which will engulf those countries and much of England too. Already there have been lurid stories of ferocious rows over whether the Scots should control their own abortion laws or not, and which building is right for the new parliament, and whether the Scots and Welsh should have their funding cut as a punishment for greater freedom.

Donald Dewar, the Scottish Secretary, has tussled mightily with the Lord Chancellor, now married to his former wife, and Jack Straw, the enthusiastically English Home Secretary, among others. Dewar has had a particularly tough job. He is partly there to hold a straining Union together. He is assailed by the Scots in general and *The Scotsman* in particular for every species of betrayal, while his English MPs sometimes seem to regard him as a nationalist interloper.

Yet, as the smoke from cabinet-ministerial battle clears, Dewar, a very shrewd operator indeed, will emerge pretty well. The big questions about cutting the number of Scottish MPs and cutting public spending in Scotland and Wales have been put off. There is strong English talk about returning to those issues – the new Boundary Commission will look again at Scottish over-representation at Westminster, for instance. But that is fair enough.

What matters is that Dewar has delivered on the central promise of producing a package of important devolved powers, with Scotland taking control over the big domestic stuff – education, health, housing, law reform. If the Scottish parliament is established, doing its job well and becoming popular, it will accrue more powers in time. If not, not.

The question of who is sovereign – the people or the Westminster parliament – has been sensibly side-stepped. The view in government is that the people of Scotland are sovereign in the sense of being able to choose their own destiny; but while they remain in the British Union, Westminster remains the supreme constitutional power. Overall, a process of deciding who should do what, which dragged on endlessly through the last Labour administration, has been efficiently telescoped into a few intense, difficult but successful weeks. That, at least, is the view of civil servants involved.

Now the job of selling begins – not only to the people of Scotland and Wales, but to Middle England too. That cannot be denied from the wider constitutional agenda, the promise of a new settlement between voters and government that was made before the election. We have heard very little about that. A rather fishy silence, it seemed to me. I remain suspicious about whether a proper Freedom of Information Bill will arrive in the next parliamentary



Andrew Marr

We have heard little about the promise of a new settlement between voters and government. A rather fishy silence, it seems to me

session. Also, we should feel nervous about Labour's commitment to pluralism until we see their detailed plans for obtaining a referendum on voting reform.

But this government has barely got going. It is a little early to be jumping about crying "treachery"! Enough of that. The years of Conservative Party decay helped to produce an ever more hysterical language of journalistic and political criticism of ministers, which ended up alienating people from politics entirely. We need a more moderate and calibrated style of criticism for the new administration: not every delay is betrayal, nor every amendment a sell-out.

All that said, there are still uneasy times for reformers. At times this seems a government intoxicated by the strength of its own pragmatism. People are the answer to problems, not structures: bring in a Branson, pick up a Putnam, take away a Taylor. There is a lot of truth in that – Blair is surrounding himself with experience and talent that, frankly, Labour has lacked and needs in power.

But the demolition of ideology and the reliance on "good chaps" isn't value free. It is centralist and, in the longer term, conservative too. The chaps, however good, are picked from a small group of successful metropolitan networkers. That keeps the circle of advice small and relatively homogeneous. As time goes on, and the pressures of government increase, the convenience of tired ministers ensures that debates which ought to happen out in the open take place privately between a few chums.

By contrast, the case for constitutional reform is unavoidably ideological. We cannot pretend it is a thoroughly pragmatic, common-sense thing. It is in fact the unfinished work of the Enlightenment, a political response to an unreformed and centralised state. It takes for granted that the more involved people are in big decisions, at least in giving their assent, the better. The caricature reformer is instinctively wary of power, just as the caricature New Labourite is hopelessly, dizzyingly in love with it.

And yet I think Blair himself, for all his centralist grabbing, is at least partly a genuine reformer. He is a man with his eye on history, who wants to change the country. He is already committed to political reforms of a scale which compares to the programmes of Gladstone or Lloyd George: his success or failure in that will partly determine his reputation. On the edge of the third millennium, Tony Blair is fated to be either a great reforming prime minister, or a failed one; just as I think he is fated to be Britain's first (at least mildly) environmentalist prime minister.

What we need is a great political offensive by the Prime Minister, to explain and sell his vision for a reformed, sleaze-free and more democratic nation. He needs to set out the more general case for reform – a new deal between the voters and government. He needs, in short, to define the terms by which he expects history to judge him.

And, I think, he needs to start doing it quite soon, certainly by the end of this year. Any later and the tone of his government will be set – a tone that seems, just at the moment, a little too clubby and centralised for its own longer-term good. From Scotland to Southend, and from the House of Lords to the parish council, this is a nation that needs a vigorous blast of political reform, not just a new party acting in the old way. Tony Blair has it in him to be a great leader. On the constitution, it is time for him to lead.

New York? London? We're all on the move

by Hamish McRae

Diana, Princess of Wales may or may not be planning to move abroad, but she has the choice. So, too, will more and more of us. If she does go, she will be joining a new, still-exclusive but rapidly growing community: the global citizens.

These are the people who think of themselves as international, rather than national: who can choose to live anywhere in the world; whose main base is simply a matter of convenience (and sometimes tax) and can be changed at will; and to whom countries, even medium-sized ones such as the UK, seem provincial and small.

Of course, Princess Di is also a star: she is a top-of-the-range global celeb. Royalty have in any case always been international, witness the family links between the European royal families of the last century. Countries would "out-source" their royal families from the global pool of suitable persons. But until now the possibility of being a global citizen has been limited to a tiny minority who have made, inherited or married fortunes, or have had one of those rare trades – such as writing – that can be carried out anywhere. Now that has changed. As the cost of telecommunications has plunged and the capability has soared, anyone who works on screen can – in theory, at least – live anywhere. For the first time in history, people do not need to live in the country in which they work.

The result is that instead of there being only a tiny minority of rich people who have real freedom of location, and who can therefore think of themselves as being beyond the clutches of a nation state – perhaps a few hundred thousand, world-wide – there will be millions. It was once just the nobility; now it is the mobility.

As people become more mobile, just as companies have done, some tough questions arise. One obvious one is: how will countries continue to raise revenues when people, as well as firms, can move away? We are used to the idea of governments bribing foreign countries to set up local plants; and international competition is holding down company tax rates, as Gordon Brown acknowledged in his Budget. But we are seeing only the very early stages of this process as far as individuals are concerned. Expect to see more and more governments pitching their personal taxation at levels that are attractive to the new mobility.

Behind that, though, is a deeper set of questions. What is the glue? What will hold people to countries, hold societies together? If an increasing proportion of people are able to base themselves anywhere, what will stop choice of location becoming a mere convenience? Will loyalties become increasingly horizontal –



Princess Diana on a visit to New York City. Could we afford to lose her?

Princess Diana could live anywhere but in practice she needs to be near the people who 'market' her services

to other people in similar occupations elsewhere in the globe, rather like the loyalties of the European royal families in the second half of the last century? Or will they remain to a large extent vertical – to their neighbours and compatriots?

There are, I think, at least two sorts of glue, both of which governments would be wise to try to strengthen. One is professional; the other is social.

People have to work somewhere, and while the telecommunications revolution will liberate many workers from the daily trek to the office, there will still be reasons why people will be limited to specific locations. One is the phenomenon of skill clusters. In theory, software writers could be anywhere; in practice they cluster

in places such as Silicon Valley, for there seems to be an added dimension in the performance they achieve if they live in reasonably close proximity to each other. Anything that can be done to strengthen skill clusters (such as Bill Gates's support for boosting software skills in Cambridge) will help bolt a potentially mobile business to a particular country.

Good physical communications are also important. Paradoxically, the more people work on screen, the more they also need to be near an airport. For while their main work can be carried out anywhere, they will from time to time need to meet other people in their business – and, of course, the people who market their services.

You can even see this professional glue in the case of Princess Diana. She could live anywhere, but in practice she needs to be reasonably near the people who "market" her services: the media. (Seen in commercial terms, her problem is that she does not have control of her own distribution: a brilliant product, but one

that is haphazardly and even destructively marketed.) The media will go down to St Tropez for a good story, but if she is to continue her serious work, she probably has either to remain in the UK, or, perhaps, move to the US. She would not be able to attract appropriate publicity were she to move to, say, Switzerland or Pakistan.

The other sort of glue is social: people will choose a particular location because it offers the right mix of social characteristics. Why do many rich people live in the middle of giant cities, where they pay more for space, and suffer congestion and noise, when they could objectively have a better quality of life in a medium-sized country town? Answer: because mega-cities offer social and cultural attractions which even decent-sized provincial towns cannot match. But if the disadvantages of cities become too great, and the medium-sized towns are clever in creating social and cultural events, then they can attract mobile people. If you want to revive a run-down city, make sure you build an art gallery, as well as new office blocks.

Too. Social and cultural events not only make them more attractive for the mobile. They also act as a glue binding different groups of people who are not potential migrants. While it is inevitable that many people will identify more with their peers in similar professions in other countries, that does not mean they will necessarily want to cut themselves off from different people within their own. Not many people would want to live in a gated community – or, rather, live in a society that makes gated communities necessary.

Britain has been extraordinarily successful in attracting people who see themselves as global citizens. That has something to do with taxation, which is favourable to non-residents, but it surely has more to do with professional clusters (as in financial services), and social and cultural attractions. This enriches the place, not just financially, but culturally, too. We should therefore worry if our own home-grown members of the new mobility feel uncomfortable here. If Princess Di is indeed thinking about moving, we should try to persuade her to stay.

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My lofty life amid the poor in the Ditch



Carole Hayman

This is the cash and carry world. The cash changes hands in the pub and the carrying is done under cover of darkness

"Write about the poor," I was told. "This loft living sounds perfectly Hogarthian." The glue-sniffing derelict who regularly kips in my doorway would totally endorse this description. "Fancy a shag darlin'?" he whimpered hopelessly at my knee. As I tottered in from a trendy artisan bar last night, I slammed the door on his rake's rags. He was once a City-boy dealer in futures. Pity he couldn't foresee his own.

A more rascal-ridden, geezerish, mafia-warring, ethnically melted, square mile than Shoreditch would indeed be hard to find. Not so much as a kitchen sink is missing from this urban trifle. As I exited my fashionable and filthy galvanised steel dungeon on to the filthy High Street this morning, there was one standing proud on the cracked and crazy pavement.

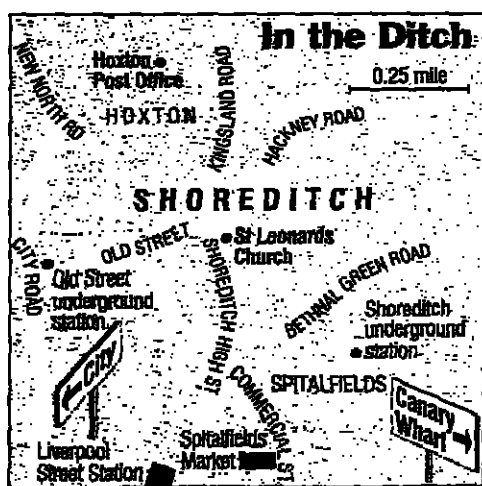
No one in the Ditch seems to have noticed that these last few months have seen momentous changes in our island's status quo. Elections are as irrelevant here as council tax and gardens. Any one who believes in politicians is a mug, just as is anyone who pays the asking price for anything. This is the cash-and-carry world. The cash changes hands in the pub and the carrying is done under cover of darkness. Ditch dwellers rightly believe no government could better manage the economy.

Syd, the local psycho (he once dropped six tabs of acid in one go, no one noticed) can lay his hands on most things. "I've got this mate Keith in Tranco, know what I'm saying?" There's a stretch of the High Street where no business is transacted without his say-so. From a concrete blaster to a line of coke you call Keith on

the mobile ... he's put it this way. Kaz, a deal can always be done ... know what I'm saying?

I'm working on the rooftop of a once industrial building, now converted into luxury "studio" apartments. You'd think that implied live/work spaces for photographers and artists but, in fact, it's City-boy bonuses that snaffle up these jewels at exorbitant prices. Villainous 'hood estate agents Shaft and Gazump have made sure of that. This particular roof has an area of potted geraniums, climbers and Astroturf, all doing remarkably well despite the smoggy fumes that rise even this far from the traffic-choked High Street. Conan, Syd's dog – a mongrel boxer with pugnaucious tendencies and a permanently dribbling nose, not unlike Syd himself – scampers across the asphalted surface to lay a urd in the Astroturf. He is followed at a trot by Yasmin, Syd's consort, in bicycle shorts and improbably stacked heels. "Want any trainers?" she yodels. She is lugging a Prada suitcase which she opens to display a jumble of brand new Nikes and Adidas. "Size seven," she adds mysteriously. I explain to Yasmin that at the moment I have no money for any sort of shoe except the kind you boil and eat. She gives me an old-fashioned look. People in the Ditch may be poverty trapped but they can always get hold of money.

Never go to Hoxton Post Office on a Monday morning. The queue of claimant desperados goes round the block. Many appear to be Bosnian. Two have a bike they want to sell. They demonstrate its versatility, spinning the front wheel, balancing on the back one. Perhaps they were trick cyclists in the old country? The octogenarian leaning on her Zimmer frame isn't impressed, nor is the harassed mother with three children under five in a push-chair, but the teenager sheltering from the slanting rain under a bit of card reading "homeless and hopeless, please help, thank you" exhibits mild curiosity. Swathes of Eastern Europeans have penetrated the area, appearing with ghetto-blasters and obscure electrical goods in the local markets; giving even the ubiquitous Shaft and Gazump a few pangs in the pocket. For they too are



developers and those buildings not falling to a shadowy mafia from Stamford Hill are snapped up before the boards are in place, amid rumours of unusual deals with Iraqi banks. Gordon, are you listening?

After the post office, I visit the chemist, who takes it for granted I won't be paying for my prescription, scout the market for bargains and having pounced on one or two spend the cash saved on a lottery ticket. Next to football and booze the lottery is the Ditch-dweller's greatest leisure interest.

Back to the roof. Must get on with the novel. In the Bricks last night was spurred on by three young men with screenplays tucked into their Puffa jackets. While I sit here chewing my pen ... Syd's looking out for a state-of-the-art laptop for me ... an industrial sander is working over the other side of the rustic fence and the sound of roadworks and diamond-bit drilling is deafening. When I said I was moving from Highgate to an East End loft my "Ham and High" friends were mystified. Why would I want to trade in my delightful house with terrace and garden for grim Dickensian squalor? I have to admit I've wondered myself whilst wrestling with the Laocoon electric and Heath Robinson plumbing. Yet the view across the rooftops is bizarrely harmonious. There is St Leonards and a sweep across gothic Spitalfields to the hi-tech of the City. In the other direction is beaming Canary Wharf. Besides, it's an adventure ... in the Ditch you never know what will happen next. Oh, excuse me my cellphone is ringing.

Carole Hayman's novel 'Missing' will be published by Gollancz next March.



COMMENT

'It is true that the average actively managed fund does tend to underperform the index. However, the best substantially outperform, even over the long haul. An outperformance of only 1 per cent per annum over 40 years would yield an extra 25 per cent pension'

Bridgeman's pension plan has its own problems

Shock, horror, hold the front page and all that – most pension schemes are a rip-off. This was the not altogether surprising conclusion of the Office of Fair Trading's inquiry into the pensions industry, which is found to be riddled with consumer problems of one sort or another. Rather more contentious is John Bridgeman's 10-point plan for reform. Among some perfectly reasonable and sensible suggestions for improving the lot of those trying to save through pension products, the director general of fair trading makes some highly debatable assertions.

The most inflammatory of these is that "tracker funds deliver better and cheaper financial performance than actively managed funds, as fund managers cannot consistently beat the market with active fund management". Well now, Mr Bridgeman. Have you ever met the formidable Carol Galley, vice chairman of Mercury Asset Management? She'd be prepared to give you a lecture or two on that one.

Certainly it is true that the average actively managed fund does tend to underperform the index. However, the best substantially outperform, even over the long haul. An outperformance of only 1 per cent per annum over 40 years would yield an extra 25 per cent pension in payment.

Furthermore, the observation that passively managed funds do just as well if not better than actively managed ones is really only applicable in rising markets. Since this is what equity markets have been doing for

the past 10 years, the observation seems to have been supported by the evidence. But in fact, actively managed funds nearly all do better in falling markets.

The other obvious point to be made here is that the cost of fund management is not in any case the chief villain of the piece. Asset management, whether active or passive, only accounts for a small proportion of costs. It is in the marketing and selling of pension products that the big costs are run up and the true damage to savings is done. Plainly this is a much more difficult area of vested interest to attack. When everyone in the insurance and pensions industry is doing so well out of the present set-up, there is no market incentive to change it. Why would the industry want to give up highly profitable personal pension and money-purchase schemes in favour of the much less profitable "designated personal pension" suggested by Mr Bridgeman?

In these circumstances, the OFT suggests, the Government should step in and force the industry into change by banning certain obvious abuses and seeking to standardise fees at a fixed proportion of the capital sum accumulated. Rather more contentious are the suggested changes to the tax system to penalise employers that contribute little or nothing to defined contribution schemes. That looks too much like imposing Continental style social obligations on companies. All the same, on balance Mr Bridgeman proposes some reasonable and long overdue

reforms which the Government should undoubtedly build into its review of pensions, expected to be announced later this week. This is an industry that has lamentably failed to provide value to a very significant proportion of its customers. If the market is too entrenched to provide customers with a solution, then the Government must step in and shake things up.

Ignore this moaning about the strong pound

Not a day goes by without an industry lobby group or a troop of City economists moaning that the strong pound will cost jobs and plunge the economy into recession – and this as new official figures show that the profitability of UK companies has returned to its 1985 and 1986 peaks.

This is one of those times when British industry seems far more efficient at lobbying than it is at manufacturing. Without downplaying the fact that an exchange rate so high makes life difficult for exporters, it is worth remembering with each complaint about unbalanced economic growth that the economy is fundamentally unbalanced already. Manufacturing accounts for only a fifth of output and jobs in the UK. No amount of fiddling about with the exchange rate is going to halt its long-term decline.

The other point to be kept in mind here is that the pound's surge in the currency markets is not caused by rising UK interest rates

alone. It is typically insular to think that the dignitaries on the Bank of England's Monetary Policy Committee and the Chancellor alone bear the blame for the strong pound. In fact, sterling's appreciation is only the flip side of the weak German mark.

There could be nothing more symbolic of this than the fact that the Bank of Italy has had to intervene to prop up the mark and prevent the Italian lira from climbing any further. This apparently ludicrous state of affairs stems in large part from the fact that we are in the middle of one of those periodic episodes of turbulence in currency markets which is washing the globe.

In setting policy, the authorities would therefore be wise to ignore those who say something must be done about the strength of the pound. Even assuming they could do something, it is by no means certain what purpose would be served by doing so.

Water troubles ahead for Prescott

Politics is about the art of the possible and, when it comes to improving the lot of water customers, the Deputy Prime Minister John Prescott is fast discovering that it is easier to deliver rhetoric than results.

Two months ago Mr Prescott convened his grand Water Summit – an opportunity simultaneously to humiliate the privatised water companies in public and demonstrate that

New Labour was serious about doing something to improve the situation. Yesterday we had the results of the Water Summit Challenge – the water industry's response to the Deputy PM's 10-point action plan.

The good news is that they have all fallen into line under Mr Prescott's mixture of exhortation and admonition. "Government unites water companies in providing better service," trills the press release.

The reality is a bit less exciting. Many companies were already offering free leakage and repair services on domestic premises. Now it is universal. The compensation schemes for drought-related interruptions that all companies will now sign up to are academic since they have all agreed that droughts are a thing of the past. As for saving on toilet flushing, Mr Prescott would not have been able to brandish a hippo at his water summit had they not already been widely available.

Where Mr Prescott is less forthcoming is in the tougher areas such as mandatory leak targets. Despite the Ofwat National Customer Council's call for "an immediate and substantial cut" in water bills, there is no firm indication of how this will be achieved when new environmental directives are piling up in Brussels. The bathing water directive alone could cost £5bn to implement.

Implausible as it may seem, Mr Prescott has made friends with the water industry. But delivering cleaner drinking and bathing water at the same time as lower bills will prove a much bigger test of his ability.

Bank of England nets £1bn from soaring sterling

Diane Coyle
Economics Editor

The rise in the pound has generated profits of around £1bn for the Bank of England, thanks to the increasing value of the sterling held in its reserves.

As the pound has soared past its old level in the exchange rate mechanism, it has eliminated the losses the Bank made when it tried and failed to support the currency by buying it on the foreign exchanges in the autumn of 1992, in the run-up to "Black Wednesday". The Bank is thought to have spent about £1bn on that intervention, making a paper loss of up to £2bn.

The losses on the intervention, which failed to keep sterling in the ERM, have now turned into a profit of around £1bn due to the appreciation of the pound and interest earnings during the past five years.

The pound's exchange rate against the German mark fell from DM2.78 in September 1992 to a low of DM2.18 in November 1995. Last night it stood near its highest for seven years at DM3.02.

However, the pound's strength on the foreign exchanges led to fresh predictions yesterday of massive job losses in manufacturing. There were also warnings from currency traders that the Bank of England would soon have to intervene to sell sterling and prevent the pound from rising any further.

Professor Andrew Sentance of the London Business School, speaking to the Foundation for Manufacturing and Industry last night, said the current strength of the exchange rate threatened the loss of 100,000 jobs in manufacturing.

"We have not seen anything like an appreciation on this scale in one year before," he said.

He predicted that the shake-out in industry would not approach the early 1980s recession in its scale, but there would nevertheless be big job cuts. "Manufacturing is not grinding into reverse, but this estimate of 'potential' job losses is quite conservative."

Gloom about industry's prospects if the exchange rate stays strong enough to bite into exports is spreading.

Kenneth Clarke, former Chancellor of the Exchequer, said yesterday: "If we are not careful, this will wipe out our manufacturing industry."

The alarm was not universal. Kevin Gardiner, UK economist at investment bank Morgan Stanley, said: "The strong pound is as much an effect as a cause. The home market, which is still the biggest, is expanding strongly enough for manufacturing to continue to grow."

However, the mood in the foreign currency markets was becoming a matter for concern, some analysts said. Michael Lewis at Deutsche Morgan Grenfell said it could only be a

matter of time before the Bank of England had to sell pounds to control the exchange rate.

"It is becoming increasingly disorderly, and a lot of hot money is going into sterling. The markets will continue to test the resolve of the central banks," he said.

The excitement is not confined to the pound, but rather reflects the general weakness of the German currency. The Bank of Italy yesterday intervened in the markets on a small scale to sell lire and buy marks.

Meanwhile, the dollar has been strengthening against a range of other currencies, particularly the mark and yen. The health of the US economy was confirmed by new figures yesterday showing that retail sales increased by 0.5 per cent, more than expected, in June.

The currency markets have become convinced that there is nothing to lose from bidding up the pound and dollar and bidding down the mark. The Bank of England and Federal Reserve are expected to raise interest rates during the next few months, while the Bundesbank is thought unlikely to increase key interest rates until the German economy shows more signs of life.

The pound ended yesterday almost unchanged at DM3.02. Its index against a range of other currencies was down 0.4 at 105.1. It has risen by 24 per cent in value during the past 12 months.



Eddie George, Governor of the Bank of England: The Bank's losses on intervention in the run-up to 'Black Wednesday' have turned into a profit of around £1bn in the past five years

IN BRIEF

Brussels still against Boeing merger

The European Commission said it could not approve the \$15bn (£9bn) takeover by Boeing of the rival McDonnell Douglas aircraft builder in its current form, despite reports that Boeing had put forward new proposals to clear the logjam. The announcement came in a statement following the commission's weekly meeting in Strasbourg, where competition commissioner Karl Van Miert's stance on the merger was said to be fully supported by the other 19 commissioners.

"Unless the legitimate competition concerns of the commission can be met and genuine choice maintained for purchasers of aircraft worldwide, the commission could not approve the merger," the statement read. "Boeing has so far not agreed to measures which would meet these concerns and achieve that objective." Boeing was earlier reported to have tabled new proposals to get round commission concerns, but sources at the commission said its proposed remedies satisfied only one of the three problem areas identified. They also made clear that the commission was not prepared to negotiate beyond a deadline of yesterday.

Nomura's £2bn payment broke the law

Nomura Securities broke the law when it paid £2m to a gangster, Japanese financial regulators said, following a 10-month investigation of Japan's largest brokerage. The Securities and Exchange Surveillance Commission alleged that executives in several departments at Nomura co-operated in making the payments.

The payments broke Japanese commercial laws against loss compensation and trading on a customer's account without permission, the commission said. The next step is for the Ministry of Finance to decide a punishment for Nomura based on the commission's findings. Finance Minister Hiroshi Mizusaka said after the commission's report that he would severely punish Nomura.

Minister warns on dubious investments

Nigel Griffiths, the Competition and Consumer Affairs Minister, warned that the Department of Trade and Industry would come down hard on dubious investment schemes. Penalties resulting from a DTI investigation could range from shutting down the company and disqualifying directors to a prison sentence. "The message I have for the fledgling investor is that there is no such thing as easy money. The greater the promised returns, the greater the risk that you will lose your money," Mr Griffiths said.

His comments came as the DTI announced that it completed 221 company investigations last year, 11 more than the previous year, while insider dealing probes rose by eight to 21 after the Stock Exchange changed its policy on referrals. The department mounted 317 prosecutions, involving 353 defendants, of whom 320 were convicted. Seventy-nine of the defendants went to prison.

WH Smith wins Hong Kong concession

WH Smith has won the concession to operate five stores in the new Hong Kong airport, due to open next summer. The retailer will open four branches of Waterstone's and one WH Smith. The concessions will run for five years. The company already has a branch of Waterstone's in Singapore airport. It will look at opening other branches in new airports due to open in Seoul and Kuala Lumpur.

Sainsbury director sells shares

Sir Tim Sainsbury, a director of J Sainsbury, has sold over a million shares in the supermarket group, raising a total of £4.53m. He sold 1.05 million shares on Friday at 431.5p. Sainsbury's said the shares were part of the non-beneficial interest held on behalf of various trusts. His personal holding of 13.4 million shares remains unchanged.

P&O still benefiting from tunnel fire

The continuing restrictions on Eurotunnel operations in the wake of last year's fire is continuing to boost P&O's cross-channel ferry business. The group said passenger carryings were up 9 per cent in the three months to June, while tourist vehicles were 12 per cent ahead and freight soared by 57 per cent over the same period. The total short-sea market for tourist vehicle traffic grew by 10 per cent, with freight traffic up by 8 per cent, in the first half of 1997, P&O said. It added that a decision on the plan to merge its short-sea crossing business with Stena Line is expected from the European Commission and the UK government soon.

Centrica to supply Dutch project

Centrica has agreed a contract with fuel purchasers for the Elsta co-generation project in the Netherlands for gas deliveries through the UK-Continent Interconnector pipeline. It is the first agreement Centrica has signed to supply a big Continental end-user directly, rather than through a gas trading/transmission company, and the first UK gas export sale to a power project, the company said. Under the agreement, Centrica, through its subsidiary British Gas Trading, will sell to Inkoopcombinatie Elsta VOF around 1 billion cubic metres per annum over a period of eight years.

Merrill Lynch earnings at a record

Merrill Lynch, the US investment bank which acquired British securities group Smith New Court two years ago, yesterday announced record second-quarter earnings of \$481m (£287m), a rise of 11 per cent on the comparable period. The jump beat expectations and comes after Donaldson Lufkin & Jenrette and Paine Webber also reported profits ahead of forecasts. Analysts had expected a slump in second quarter results, after weak underwriting activity.

Citicorp ahead despite credit card losses

Citicorp, the second-largest bank in the US, unveiled an 8 per cent rise in second-quarter earnings to \$1.02bn (£608m) as higher profits from corporate banking offset rising credit card losses. Although the bank continued to produce good results, Citicorp Chairman John Reed said the bank still had to overcome challenges presented by the shrinking profits in its credit card business.

SBC to take £340m stake in Japanese bank

Tom Stevenson
Financial Editor

Swiss Bank Corporation is to inject £340m into Japan's eighth largest bank, the Long Term Credit Bank, as a first step in an ambitious move into that country's rapidly deregulating financial services market.

The move, which gives SBC an important toe-hold in Tokyo ahead of Japan's Big Bang programme of financial reforms, helps LTCB recapitalise itself and will pair it with a heavyweight international investment

banking partner. LTCB has one of the heaviest bad loan burdens of any Japanese bank, so was ill-equipped to take on the challenges of Big Bang on its own.

SBC and LTCB plan to merge their domestic Japanese securities operations into a company with capital of 60bn yen (£311m), with the banks taking 3 per cent cross-shareholdings in each other. They also agreed to establish a joint-venture in-house advisory company as well as fund management and private banking operations for retail investors.

SBC Warburg's chairman, Hans de Gier, said the group intended to "form the most creative, dynamic and client-focused team in Japan".

Luqman Arnold, SBC Warburg's Asia/Pacific chairman, added: "We are very serious about becoming a major domestic presence in Japan because we are really convinced that this Big Bang is for real."

"Building SBC's own business is not a realistic option if one wants to be a major player during and after the Big Bang."

The Big Bang is Prime Min-

ister Ryutaro Hashimoto's programme to make Japanese markets "free, fair and global" by breaking down walls among banks, brokers and insurers and introducing more competition.

The new venture will be responsible for the Japanese investment banking of both companies world-wide, combining LTCB Securities with SBC's existing Japanese equity, interest rate, foreign exchange, derivatives and corporate finance operations.

LTCB and SBC will also set up an asset management firm,

LTCB SBC Brinson, and Japan's first-ever private bank.

The financial side foresees LTCB raising about ¥200bn in capital. Of this, ¥130bn would be raised through preference shares and ¥70bn through subordinated debt. SBC Warburg will help LTCB raise the funds and SBC will hold about 50 per cent of the new LTCB preferred stock in its investment portfolio.

Among Swiss banks, SBC already has one of the best Japanese market positions, following its 1995 purchase of SG Warburg, which had a long-standing

presence there. The move now consolidates that position.

John Leonard of Salomon Brothers said: "This makes a lot of sense. SBC Warburg has global strengths and wants to get into Japan. LTCB doesn't have the skills or the capital to compete globally but wants to stay in these business areas."

It is expected the tie-up will be the first of many before the distinctions between banks and brokers are eliminated by 2000. Broking commissions are due to be liberalised in two stages from next April.

Pifco bid expected as talks with Kenwood break down

Sameena Ahmad

Pifco may launch a hostile takeover bid for Kenwood after merger talks between the two electrical appliance groups broke down yesterday, according to City sources.

The company is believed to have had an offer that was pitched substantially above Kenwood's 118p current share price rejected. Michael Webber, chairman of Pifco, refused to comment on whether the company, which has been courting Kenwood for two years, would now make an aggressive strike.

David Nash, chairman of Kenwood, said the company "has never received a firm offer from Pifco," though it did consider a proposal which it did not

believe "would lead to a satisfactory offer that could be put to shareholders. Discussions, therefore, have been terminated and as a result Kenwood is no longer in an offer period".

Colin Gordon, the group's new chief executive, and Mr Nash said Pifco's approaches had been a "distraction" and the group could now focus on "moving the company forward".

Kenwood, which has seen its shares slump from almost 400p three years ago, has been under pressure from dissident shareholders, which led to the departure of Tim Beech as chief executive in February.

Kenwood, which yesterday reported a collapse in under-

lying profits from £16m to £4m for the year to April, announced an additional £15.5m restructuring provision. This will include cutting more than 16,000 product lines to 2,000, shifting manufacturing overseas and further unspecified redundancies. No final dividend is being paid.

Responses to Kenwood's plans were mixed. Julian Tregler of UK Active Value Fund, Kenwood's second largest shareholder, said he had been "impressed by the new management" and indicated that UKAV was considering increasing its 12 per cent stake.

However, Patrick Orr analyst at Panmure Gordon, was sceptical: "This is a one brand company. It's basically going to be a very long haul for shareholders."

Anite reveals £600,000 pay-off as its pre-tax losses triple

Sameena Ahmad

Anite, the data communications and software group, yesterday reported a near tripling of pre-tax losses to £50.4m in the year to end-April after taking a £32.2m hit on surplus properties.

Despite last year's profits warning and this property legacy, Anite disclosed that Jon Richards, who resigned as chief executive in March, could be paid up to £600,000 in compensation – more than twice his salary of £250,000 last year.

According to Anite, formerly known as Cray Electronics, Mr Richards agreed to resign on condition he would receive £267,000 up front and further payments if he had not found another job by September next

year. Anite has short-listed two candidates to replace Mr Richards, both from the information technology sector, and expects to make an announcement in the next few weeks.

Analysts said the size of the property provision was a surprise. Ross Jobber at UBS said: "They've got some pretty horrendous lease obligations."

Simon Hunt, finance director of Anite said the provision covered sale and leaseback and other rental obligations struck under the previous management on 34 buildings in the South of England. "Some of these property deals were done to raise money. Some buildings were kept to make businesses saleable. This has been an onerous burden," said Mr Hunt.

However, he said that the impact on cash would diminish. Post the charge, rent and occupancy costs will reduce from £5.6m in 1997/8 to £3m the following year and £2m the year after.

Alec Daly, chairman, said uncertainty over the group's financial position had lost orders in Anite's core software systems business, which reported flat sales in the year to April at £77m, with profits ahead 28 per cent to £6m. Mr Daly said: "Over the last couple of years we've not been the best home in the world for our customers."

However, he said that things had "materially changed" since the full year. "We've got the best order book we've had for some time – up 10 per cent which is in line with the market."

Foreign Exchange Rates		D-MARK
DOLLAR	6 months	Spot

Tourist Rates

C Days	C Days	C Days	C Days
Australia (Chilling) 2,252\$	France (Paris) 9,338\$	New Zealand (Dunedin) 1,111\$	1
Australia (Chilling) 30,150\$	Germany (Munich) 2,870\$	Portugal (Lisbon) 265\$	1
Australia (Chilling) 60,860\$	Germany (Munich) 12,730\$	Portugal (Lisbon) 265\$	1
Canada (Ottawa) 2,252\$	Hong Kong (Kowloon) 1,696\$	Spain (Barcelona) 2,407\$	1
Ceylon (Colombo) 9,588\$	Hong Kong (Kowloon) 2,884,000\$	Switzerland (Zurich) 2,407\$	1
Cyprus (Nicosia) 11,398\$	Italy (Rome) 1,165,100\$	United States (Dallas) 6,625\$	1
Denmark (Copenhagen) 3,307\$	Japan (Tokyo) 6,625\$		
Holland (Amsterdam) 6,770\$			
Poland (Warsaw)			

Bond Rates				Bond Rates			
Country	5 yr	Yield %	10 yr	Country	5 yr	Yield %	10 yr
UK	7.0%	7.1%	7.25%	Netherlands	5.25%	4.5%	5.75%
US	6.55%	6.17	6.55%	Spain	7.85%	5.45	6.75%
France	6.55%	5.11	5.95%	Italy	6.65%	6.15	6.25%
Germany	10.0%	6.25	6.55%	Norway	6.0%	4.67	5.25%
Canada	10.0%	6.70	6.95%	Sweden	15.0%	4.55	5.50%
Japan	4.75	5.35	5.50%	ECU GAT	5.00%	4.67	5.50%
Percent	4.75	5.35	5.50%				

Source:HSBC Metals & Precious

Yields calculated on local basis

* Denotes new issue

Money Market Rates

	Overnight	7 Day	1 Month	3 Months	6 Months
1% Wt	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4

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INDUSTRIAL, TRADE & POWER		Comd		Volts		Line
97	60.00	12000-150	1000-5.00	13816	90000	-
98	60.00	12000-150	1000-5.00	5750	90000	-
99	60.00	12000-150	1000-5.00	1155	90000	-
100	60.00	12000-150	1000-5.00	4388	90000	-
101	60.00	12000-150	1000-5.00	14300	90000	+
102	60.00	12000-150	1000-5.00	5940	10000	+
103	60.00	12000-150	1000-5.00	5504	90000	-
104	60.00	12000-150	1000-5.00	2724	13015	-
105	60.00	12000-150	1000-5.00	1835	41870	-
106	60.00	12000-150	1000-5.00			-
107	60.00	12000-150	1000-5.00			-
108	60.00	12000-150	1000-5.00			-
109	60.00	12000-150	1000-5.00			-
110	60.00	12000-150	1000-5.00			-
111	60.00	12000-150	1000-5.00			-
112	60.00	12000-150	1000-5.00			-
113	60.00	12000-150	1000-5.00			-
114	60.00	12000-150	1000-5.00			-
115	60.00	12000-150	1000-5.00			-
116	60.00	12000-150	1000-5.00			-
117	60.00	12000-150	1000-5.00			-
118	60.00	12000-150	1000-5.00			-
119	60.00	12000-150	1000-5.00			-
120	60.00	12000-150	1000-5.00			-
121	60.00	12000-150	1000-5.00			-
122	60.00	12000-150	1000-5.00			-
123	60.00	12000-150	1000-5.00			-
124	60.00	12000-150	1000-5.00			-
125	60.00	12000-150	1000-5.00			-
126	60.00	12000-150	1000-5.00			-
127	60.00	12000-150	1000-5.00			-
128	60.00	12000-150	1000-5.00			-
129	60.00	12000-150	1000-5.00			-
130	60.00	12000-150	1000-5.00			-
131	60.00	12000-150	1000-5.00			-
132	60.00	12000-150	1000-5.00			-
133	60.00	12000-150	1000-5.00			-
134	60.00	12000-150	1000-5.00			-
135	60.00	12000-150	1000-5.00			-
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137	60.00	12000-150	1000-5.00			-
138	60.00	12000-150	1000-5.00			-
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140	60.00	12000-150	1000-5.00			-
141	60.00	12000-150	1000-5.00			-
142	60.00	12000-150	1000-5.00			-
143	60.00	12000-150	1000-5.00			-
144	60.00	12000-150	1000-5.00			-
145	60.00	12000-150	1000-5.00			-
146	60.00	12000-150	1000-5.00			-
147	60.00	12000-150	1000-5.00			-
148	60.00	12000-150	1000-5.00			-
149	60.00	12000-150	1000-5.00			-
150	60.00	12000-150	1000-5.00			-
PRECIOUS METALS		\$	\$	\$	\$	
per lb. lot		414.00	240.00	346	208	Krugardt

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92-93	1.0			
93-94	1.0			
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95-96	1.0			
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86-87	1.0			
87-88	1.0			
88-89	1.0			
89-90				

Energy	1989-1990	(6.23)	-0.58	(6.81)	-0.48
Electricity	1989-1990	(4.85)	-0.56	(5.41)	-0.56
Nonferrous Metals	1989-1990	(1.42)	-0.10	(1.52)	-0.10
Iron and Steel	1989-1990	(19.94)	-0.87	(20.81)	-0.87
Aluminum	1989-1990	(19.94)	-0.87	(20.81)	-0.87
Nonferrous Metals	1989-1990	(19.94)	-0.87	(20.81)	-0.87
Nonferrous Metals	1989-1990	(19.94)	-0.87	(20.81)	-0.87
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Nonferrous Metals	1989-1990	(19.94)	-0.87	(20.81)	-0.87
Nonferrous Metals	1989-1990	(19.94)	-0.87	(20.81)	-0.87
Nonferrous Metals					

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UNIT TRUST GUIDE

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sport

Foster finds new formula in race for Seville conquest



Mark Foster is aiming to win the European 50 metres freestyle title next month in Seville. Photograph: Allsport

After 12 years of international swimming, Mark Foster has just worked out how to swim one length from crawl. It is a frustrating paradox of sprinting that the harder you try, the slower you swim.

At an international meet in the south of France last month, Foster was amazed to discover he could swim the 50 metres half a second faster simply by relaxing, rather than thrashing it from the start. He will get his final chance to experiment at the National Championships this week at Crystal Palace and finding that extra half a second will be vital if Foster is to win the European Championships in Seville in August.

The five-times world record holder in a short course (25-metre) pool is expecting to add the European to his Commonwealth title over the long course 50-metre pool. "If the same tactics work this week, I know I can win gold in Seville," Foster said.

James Parrrack meets British swimming's bad boy turned golden boy preparing for this week's National Championships

If his swimming has now become a race of two halves, then so, too, has his life. Having successfully separated himself from the image of the bad boy of British swimming, the 27-year-old looks back on his troubled teenage years with ambivalence. A sprinting phenomenon since his early teens, the world's fastest junior was breaking the rules and records with alarming regularity. He was in trouble with everyone and everything until taking a time-out in 1991, returning to compete in the Olympic final in Barcelona the next year.

"It was a long time ago," Foster says. "It was all just part of growing up and showed I had a bit of character. But then I swam in the final of the Olympics after practically no training. That is the talent of the man.

With the growing-up process finishing at a colossal 6ft 7in, the revised character is the model professional, who now chooses to live life in the fast lanes of international swimming. The bad boy has become the glamorous boy of British swimming.

Like Foster, the sport has changed dramatically over the last 10 years and 27 is no longer considered old for a swimmer. The changes are wholly because of money. "In swimming now, you can definitely make a good living," he says, and he intends to carry on doing so beyond the year 2000. "Prize-money is increasing all the time, but you have to win titles as well to attract sponsors."

With two major sponsors, Adidas and Cellnet, providing a basic income, the rest is made from appearance and prize-money. Always seeking to maximise the quality of life, his successes have enabled him to enjoy fast cars and expensive clothes, an image envied by most other swimmers. Foster enjoys the benefits of professionalism and sees himself leading the way for others to follow.

"With Lottery money now, the elite swimmer can make £20,000, which can double or triple with prize-money and sponsorship," Foster said. "I used to get a kick from seeing Adrian Moorhouse driving around in a Porsche. If he had won the Olympics and was driving a Fiesta, no one would bother. When the sport is attractive and exciting, kids will work harder to get to the top."

In his own search to become the best sprinter in the world, Foster joined Linford

Christie and Colin Jackson at their track sessions in Cardiff before the Atlanta Olympics last year. "They would warm up and do one 200 metres flat out, every half an hour. It is 20 seconds of intense work, with a very long rest. The 200 metres on the track is the equivalent of the 50 metres in the pool, and now I train the same way."

"Even if I only swim 30 kilometres a week [most international swimmers will swim twice this distance], it's going to be high quality, mentally and physically, and so I need to have proper rest to be able to keep doing it well. I believe you have got to train at the pace you are going to race at, or else you are just teaching your body to swim slow."

It is a surprise to find Foster training seven days a week at the elite training village at Bath University - the first project to be completed with Lottery money. Swimming is one of its priority sports and the programme there is shaping the future of the sport in this country. Surrounded by excellence, the elite athletes are at the centre of a comprehensive, scientific support programme, which is why Foster is there: "I like to be around the positive, motivated people all the time, and here I am training with some of the best in the world."

With team-mates like Olympic silver medalist Paul Palmer, it is easy for Foster to remain focused. But despite his confident demeanour, Foster cannot do it on his own and needs the support of a committed coach. Ian Turner is the head coach at Bath and chief coach to the British team, and has the rare ability to keep Foster in line. "Ian keeps me very motivated and will give me his attention all the time. If a coach is not going to bother, then why should I?"

It will be a confident Foster who, if he stays relaxed this week, will race to become European champion in Seville.

THE 126TH OPEN: Ayrshire suits Montgomery's game but provides a host of painful memories for a former champion

Monty's motto is home rule



A strange thing happens when Colin Montgomery packs his bags and heads for the Open Championship. No one has proved that an alien spaceship abducts and replaces him with a clone every July but they might as well do for all the use he is.

Four missed cuts in five years would not be something to boast about by any professional golfer but when you are regarded, quite rightly, as one of the best players in the world, that record is little short of a gross embarrassment. To describe Monty's record as mediocre would be to run the risk of being charged with gross sycophancy.

Which is extraordinary considering what he does across the Atlantic. Put "US" in front of Open and the Scot is in contention (two seconds and a third); leave the word on its own and the only thing he is in is a fast car heading away from the course on Friday night. Hot and cold, it could be two golfers playing.

So you could say Monty, 34, is under the weight of failed promise this week. Years of being built up as Scotland's brave only to fall on his own claymore are reason enough for a decent show at Royal Troon this week but he is, to risk an outbreak of singing, coming home. If he cannot perform well here then he might feel inclined to give up the Open as a lost cause.

Montgomery, whose father James is secretary at Royal Troon, grew up alongside the course and his house was about

The Scot is confident he can bury the hoodoo that has dogged his efforts to win the Open, Guy Hodgson reports

150 yards from the 18th green, so if local knowledge has any bearing this week then he will be at a significant advantage. Furthermore he is playing at what he describes as an unprecedentedly high level. Britain, Scotland and Troon expect and, frankly, they have every right to. "I would be under more pressure if I wasn't playing well," Montgomery, whose sole light in a murky Open past is an eighth place at Ernie Els in 1993, said. "I feel I'm capable of doing very well here and I've looked forward to it since it was announced the Open was coming here seven years ago."

"I don't feel under any pressure in any shape or form. The word 'pressure' is mentioned mostly by the likes of the media and the more people mention it, the worse it gets. So we just avoid the word from now on, OK?"

Almost by habit, Montgomery is at the Open Championship fresh from a good performance in America. He finished second to Ernie Els in the US Open at the Congressional last month but rather than brood over another near miss his form since has been better than satisfactory. A closing round 62 won him the Irish Open 10 days ago while his 10th place at Loch Lomond on Saturday did not drain him as much as full-blooded contention would have done.

"I'm playing possible the best golf of my 10-year pro career and obviously I'm hopeful about performing better than I've done in the past at this tournament. I know what I'm doing round this golf course. It's just a matter of trying to go out there and prove it."

If he does he will fulfil an ambition that has stirred within him since he walked past Royal Troon - which would not let him on the course until he was 16 - to play at the neighbouring course of Portland. "It would be the ultimate sporting thrill," he said. "It's something any child growing up in Ayrshire would look forward to."

"I try not to think what it would be like coming up the 18th with a clear lead on Sunday but it would be the best feeling I could ever think about. This, to me, is home. It is where my family are, where my wife is from. This is it as far as major championships are concerned and it will be until it probably comes back here in seven years time."

Now, if the real Monty can turn up too...



Happy landings: A 747 heading for Prestwick flies over Tiger Woods (bottom left) at Royal Troon yesterday. Photographs: David Ashdown

Price's poignant past

If anyone ought to get the heebie-jeebies entering Royal Troon it is Nick Price. Missing the cut eight years ago hardly endeared himself to the place, but a grislier reminder lurks in his mind, writes Guy Hodgson.

In 1982 the Open was for his taking. Driving up Troon's 13th, the par-four, Burmah, the field was in his wake and the claret jug dropped shots later and Tom Watson had taken the fourth of five titles. "I didn't win this Championship," the American said, "I had it given to me."

Price, 40, recalled that fall from grace yesterday, safe in the knowledge that the damage done that Sunday was repaired by an Open win at Turnberry three years ago. "I remember the back nine on the last day very well, but that's about it," he said. "The fact I didn't win

was hard to stomach for a little bit after that."

"Needless to say I learnt from that experience. I don't believe I would be the player or person I am now if I'd won so maybe it was a blessing. I think if I'd never won the Open I'd have kicked myself for the rest of my life but seeing as I did it in '94 it puts the second place in a higher position."

The Zimbabwean has won three majors since, including a finish of eagle, birdie, par to overhaul Jesper Parnevik at Turnberry and erase once and for all the image of a choker. He is among the favourites this week, although contenders have arrived in Ayr with good golf dripping out of them that is not necessarily a clue to the destination of the title.

"If you look back at my first British Open in 1975," Price

said, "there were a handful of people who really had an opportunity to win. Now there are 15 people who have a realistic chance of winning if they play their good, solid game plus another 40 guys who come into the category."

"Guys do not lose tournaments as much as win them. You shoot one or two under on the back nine and they come flooding past you. You've got to shoot three or four under."

As for his own chances, he describes them as pretty good now that cortisone injections have helped repair an injured shoulder. "The only thing I would like to have done in the last four or five weeks is to have won a tournament. I've come close but I just haven't had the final punch in my game."

If he finds it, Troon's defences will be open. After all, it owes him one.

Tee-off times at Troon	
07:15 (Qualifiers) and 12:30 (Final) 15:00: A. G. C. (S)	08:05 and 14:15: J. Van de Velde (S), R. Langer (S), S. Elkington (S)
07:25 and 12:40: T. Pajala (S), S. Elkington (S), R. Langer (S)	08:15 and 14:25: D. Love (S), S. Elkington (S), R. Langer (S)
07:35 and 12:50: J. Pajala (S), S. Elkington (S), R. Langer (S)	08:25 and 14:35: J. Pajala (S), S. Elkington (S), R. Langer (S)
07:45 and 13:00: J. Pajala (S), S. Elkington (S), R. Langer (S)	08:35 and 14:45: J. Pajala (S), S. Elkington (S), R. Langer (S)
07:55 and 13:10: J. Pajala (S), S. Elkington (S), R. Langer (S)	08:45 and 14:55: J. Pajala (S), S. Elkington (S), R. Langer (S)
08:05 and 13:20: J. Pajala (S), S. Elkington (S), R. Langer (S)	08:55 and 15:05: J. Pajala (S), S. Elkington (S), R. Langer (S)
08:15 and 13:30: J. Pajala (S), S. Elkington (S), R. Langer (S)	09:05 and 15:15: J. Pajala (S), S. Elkington (S), R. Langer (S)
08:25 and 13:40: J. Pajala (S), S. Elkington (S), R. Langer (S)	09:15 and 15:25: J. Pajala (S), S. Elkington (S), R. Langer (S)
08:35 and 13:50: J. Pajala (S), S. Elkington (S), R. Langer (S)	09:25 and 15:35: J. Pajala (S), S. Elkington (S), R. Langer (S)
08:45 and 14:00: J. Pajala (S), S. Elkington (S), R. Langer (S)	09:35 and 15:45: J. Pajala (S), S. Elkington (S), R. Langer (S)
08:55 and 14:10: J. Pajala (S), S. Elkington (S), R. Langer (S)	09:45 and 15:55: J. Pajala (S), S. Elkington (S), R. Langer (S)
09:05 and 14:20: J. Pajala (S), S. Elkington (S), R. Langer (S)	09:55 and 16:05: J. Pajala (S), S. Elkington (S), R. Langer (S)
09:15 and 14:30: J. Pajala (S), S. Elkington (S), R. Langer (S)	10:05 and 16:15: J. Pajala (S), S. Elkington (S), R. Langer (S)
09:25 and 14:40: J. Pajala (S), S. Elkington (S), R. Langer (S)	10:15 and 16:25: J. Pajala (S), S. Elkington (S), R. Langer (S)
09:35 and 14:50: J. Pajala (S), S. Elkington (S), R. Langer (S)	10:25 and 16:35: J. Pajala (S), S. Elkington (S), R. Langer (S)
09:45 and 15:00: J. Pajala (S), S. Elkington (S), R. Langer (S)	10:35 and 16:45: J. Pajala (S), S. Elkington (S), R. Langer (S)
09:55 and 15:10: J. Pajala (S), S. Elkington (S), R. Langer (S)	10:45 and 16:55: J. Pajala (S), S. Elkington (S), R. Langer (S)
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10:15 and 15:30: J. Pajala (S), S. Elkington (S), R. Langer (S)	11:05 and 17:15: J. Pajala (S), S. Elkington (S), R. Langer (S)
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Ullrich produces a tour de force

Cycling

ROBIN NICHOLL
with the Tour de France

Jan Ullrich watched from the Tour de France podium yesterday as the yellow jersey, destined for his shoulders, arrived at the summit of the Arcañs mountain. Ullrich, the Frenchman who last week became the surprise winner of the leader's colours, relinquished them like a champion on a day when no other rider could live with Ullrich.

Vasseur crossed the line seven minutes and 44 seconds after Ullrich's triumph 2,340 metres up in the Andorran Pyrenees, having twice fought his way back into a stage that lasted more than seven and three-quarter hours. Chris Boardman spent nearly eight and a half hours in the saddle as he arrived with more than 80 who had suffered over six mountains and 252 kilometres.

With his neck injury from Monday's fall it was a ride

through hell for the British cyclist which plunged him more than one hour and 10 minutes behind the new leader in the overall standings. He finished the day in pain, and exhausted.

Vasseur, Boardman's team-mate, attacked his challengers on the final climb but was swallowed up as the main contenders opened up. Ullrich responded to the threat of the Frenchman Richard Virenque to storm home over the final 10 kilometres and finish one minute and eight seconds clear of Marco Pantani and Virenque.

The German holds a lead of nearly three minutes over Virenque and could be on his way to confirming last year's prediction by his team manager, Walter Godefroot. After Ullrich had shattered everyone with a 50kph-plus time trial through the vineyards of St Emilion in the Tour to finish second overall, the Belgian manager marked the 23-year-old as the 1997 winner.

Ullrich's attack left Bjørn Rie, his team captain and last

year's Tour winner, stranded at 3:23 in his wake, but the Dane was content. "Jan was extraordinary," he said. "When he is in such shape he is the best, but the most important thing is for us to win this Tour. It will be either of us, and there are many stages to come. Whatever, we are going to win the Tour together."

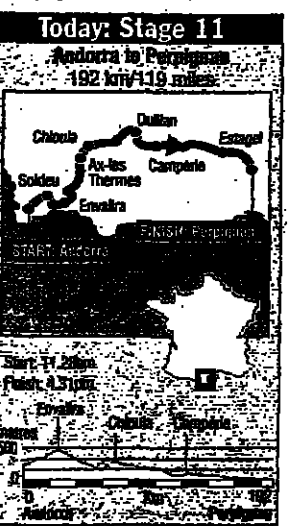
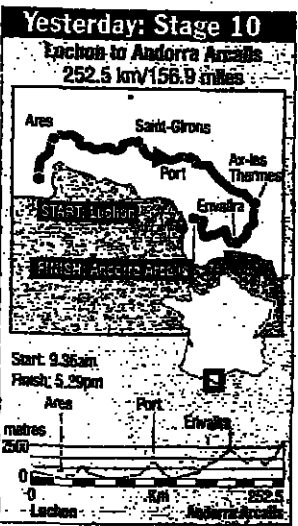
Ullrich, the world amateur champion four years ago, is the first German to carry the colours since Klaus-Peter Thaler in 1978 and only the 10th since the first success by Kurt Stoeckel in 1932. He is also the same age as the Frenchman Jacques Anquetil, Laurent Fignon and Bernard Hinault when they won their first Tour.

The first 45 kilometres yesterday became a pilgrimage to pay homage at the memorial to Fabio Casartelli, the Italian rider who died after crashing on the Col de Port d'Aspet two years ago. The riders stopped at the monument on the slopes of the mountain to observe a minute's silence as a floral tribute was laid.



Jan Ullrich on his way to victory in yesterday's 10th stage

Photograph: AFP



TOUR DE FRANCE 10th stage (232 km, Luchon to Andorra): 1. Ullrich (Ger) 2:34:00; 2. Pantani (Ita) 2:35:00; 3. Virenque (Fra) 2:36:00; 4. Casartelli (Ita) 2:37:00; 5. Thaler (Ger) 2:38:00; 6. Hinault (Fra) 2:39:00; 7. Stoeckel (Ger) 2:40:00; 8. Thaler (Ger) 2:41:00; 9. Stoeckel (Ger) 2:42:00; 10. Thaler (Ger) 2:43:00; 11. Thaler (Ger) 2:44:00; 12. Thaler (Ger) 2:45:00; 13. Thaler (Ger) 2:46:00; 14. Thaler (Ger) 2:47:00; 15. Thaler (Ger) 2:48:00; 16. Thaler (Ger) 2:49:00; 17. Thaler (Ger) 2:50:00; 18. Thaler (Ger) 2:51:00; 19. Thaler (Ger) 2:52:00; 20. Thaler (Ger) 2:53:00; 21. Thaler (Ger) 2:54:00; 22. Thaler (Ger) 2:55:00; 23. Thaler (Ger) 2:56:00; 24. Thaler (Ger) 2:57:00; 25. Thaler (Ger) 2:58:00; 26. Thaler (Ger) 2:59:00; 27. Thaler (Ger) 3:00:00; 28. Thaler (Ger) 3:01:00; 29. Thaler (Ger) 3:02:00; 30. Thaler (Ger) 3:03:00; 31. Thaler (Ger) 3:04:00; 32. Thaler (Ger) 3:05:00; 33. Thaler (Ger) 3:06:00; 34. Thaler (Ger) 3:07:00; 35. Thaler (Ger) 3:08:00; 36. Thaler (Ger) 3:09:00; 37. 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